

# ***Government That Works!***

**NEW JERSEY DEPARTMENT OF THE TREASURY**

**LOCAL GOVERNMENT BUDGET REVIEW**

***DELSEA REGIONAL SCHOOL DISTRICT***

***(formerly Southern Gloucester County Regional School District)***

**JAMES E. McGREEVEY**

*Governor*

**JOHN E. McCORMAC**

*Acting State Treasurer*

**JANUARY, 2002**



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Delsea Regional School District***

New Jerseyans deserve the best government their tax dollars can provide. Efficiency in government and a common sense approach to the way government does business, both at the state and at the local level, are important to Governor James E. McGreevey. It means taxpayers should get a dollar's worth of service for every dollar they send to the government, whether it goes to Trenton, their local town hall, or the school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. The Local Government Budget Review (LGBR) program was created in 1994, marking the first time the state worked as closely with towns to examine what is behind those costs. The Local Government Budget Review (LGBR) program's mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach, which combines the expertise of professionals, primarily from the Departments of Treasury, Community Affairs, and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service provided by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, the program was expanded, tripling the number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

## **THE REVIEW PROCESS**

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review, team members interviewed each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examined current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relevant information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
DELSEA REGIONAL SCHOOL DISTRICT**

**Administration**

The team recommends that the district compensate the board attorney like any other third party vendor and discontinue the practice of compensation through the payroll system, saving \$4,300. The team also recommends that the district discontinue the attorney's benefits, saving \$7,814.

By issuing a Request for Proposals (RFPs) for audit services, the district could save \$3,500.

**Technology**

The district should consider increasing the technical services and support staff at an annual expense of \$30,000 - \$35,000.

**Instruction**

The team recommends that the district either eliminate one of the three aides in the behavioral disability classes or consolidate three of the behavioral disability classes into two, thereby saving the salary of one teacher, or eliminate one of the three aides, saving \$15,103 - \$35,420.

By paying the physician as a third party vendor, the district will eliminate expenditures for benefits and the employer's share of social security and Medicare, saving \$3,294.

**Business Office Operation**

The team recommends that the district solicit bids for banking services and pricing, yielding a revenue enhancement of \$29,000 - \$45,000. The team also recommends that the district seek an investment vehicle that offers flexibility and liquidity while maximizing interest, for an additional revenue enhancement of \$572.

**Insurance**

The district should consider transferring the EDP coverage from the property to the inland marine policy, thereby eliminating duplicate coverage, saving \$1,400.

**Food Service**

The team recommends that the district increase lunch prices to the maximum level allowed by state regulation, increasing revenues by \$44,000.

## **Collective Bargaining Issues**

The team recommends that the district implement one of the following options for health insurance:

Option 1 – Negotiate a 10% cost-sharing of other-than-single coverage and negotiate for employees in a more costly health plan to pay to contribute the cost difference between plans, potentially saving \$100,000. **OR**

Option 2 – Return to the State Health Benefits Plan (SHBP) and negotiate an employee contribution of 20% of the dependent coverage, potentially saving \$220,276.

The team recommends that the district implement one of the following options for dental insurance:

Option 1 - The district should consider negotiating changes in employee cost-sharing by assessing the difference between the more costly dental plan and the less costly plan, potentially saving \$5,594. **OR**

Option 2 - The district should also consider including all employees in its cost-sharing program and assess the employees a larger percentage of the premium, potentially saving \$25,500.

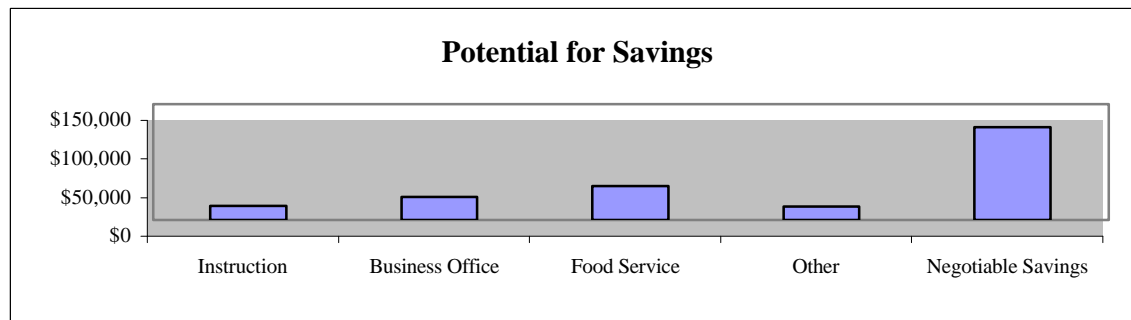
The team recommends that the board of education negotiate holiday leave at a standard 14 days per year for all administrative employees, for a potential productivity enhancement of \$14,280.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID  
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN  
THE DELSEA REGIONAL SCHOOL DISTRICT**

<b><u>Areas Involving Monetary Recommendations</u></b>	<b><u>Annual Savings/ Expense</u></b>	<b><u>*Potential Savings</u></b>	<b><u>Totals</u></b>
<b>Administration</b>			
Pay attorney as third party vendor	\$4,300		
Discontinue attorney benefits	\$7,814		
Issue RFP for audit services	\$3,500		
			<b>\$15,614</b>
<b>Technology</b>			
Increase technical services and support staff	(\$35,000)		
			<b>(\$35,000)</b>
<b>Instruction</b>			
Consolidate three behavioral disability classes into one	\$15,103		
Pay physician as third party vendor	\$3,294		
			<b>\$18,397</b>
<b>Business Office</b>			
Solicit bids for banking services and pricing	\$29,000		
Seek investment vehicle with flexibility and liquidity	\$572		
			<b>\$29,572</b>
<b>Insurance</b>			
Transfer EDP coverage from the property to inland marine policy	\$1,400		
			<b>\$1,400</b>
<b>Food Service</b>			
Increase lunch prices to maximum allowed by state regulations	\$44,000		
			<b>\$44,000</b>
<b>Collective Bargaining Issues</b>			
<i>Health Insurance</i>			
<i>Option 1</i>			
Negotiate cost-sharing and employee contribution <b>OR</b>		\$100,000	
<i>Option 2</i>			
Return to State Health Benefits Plan		\$220,276	

**COMPARISON OF BUDGET APPROPRIATION, STATE AID  
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN  
THE DELSEA REGIONAL SCHOOL DISTRICT**

<u>Areas Involving Monetary Recommendations</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
<i>Dental Insurance - Negotiate Cost Sharing</i>			
<i>Option 1</i>			
Assess employees the difference in dental plan costs <b>OR</b>		\$5,594	
<i>Option 2</i>			
Assess employees a larger percentage of premium (50%)		\$25,500	
Negotiate holiday leave at standard 14 days per year		\$14,280	
<b>Total Recommended Savings</b>	<b>\$73,983</b>	<b>\$119,874</b>	<b>\$73,983</b>
*\$119,874 not included in savings of \$73,983.			
<b>Total Amount Raised for School Tax</b>			<b>\$5,433,889</b>
<b>Savings as a % of School Tax</b>			<b>1%</b>
<b>Total Budget</b>			<b>\$20,549,195</b>
<b>Savings as a % of Budget</b>			<b>0%</b>
<b>Total State Aid</b>			<b>\$14,635,927</b>
<b>Savings as a % of State Aid</b>			<b>1%</b>



## TABLE OF CONTENTS

Preface – Government That Works/Opportunities for Change  
The Review Process  
Executive Summary  
Comparison of Cost/Tax Rate with Recommended Savings

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
<b>COMMUNITY OVERVIEW .....</b>	<b>1</b>
<b>I. BEST PRACTICES.....</b>	<b>2</b>
<b>II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS .....</b>	<b>5</b>
COMPARATIVE ANALYSIS .....	5
ADMINISTRATION .....	12
TECHNOLOGY .....	18
INSTRUCTION .....	25
BUSINESS OFFICE OPERATION .....	46
INSURANCE.....	60
FACILITIES AND OPERATIONS.....	69
PUPIL TRANSPORTATION.....	74
FOOD SERVICE .....	80
<b>III. COLLECTIVE BARGAINING ISSUES .....</b>	<b>84</b>
HEALTH INSURANCE.....	85
LEAVE .....	87
LONGEVITY PAY .....	88
PROFESSIONAL GROWTH AND DEVELOPMENT .....	89
DISTRICT CONFIGURATION.....	90
<b>IV. SHARED SERVICES .....</b>	<b>91</b>
<b>V. STATUTORY AND REGULATORY REFORM.....</b>	<b>94</b>



## **COMMUNITY OVERVIEW**

The Delsea Regional School District is comprised of two constituent K-6 school districts: the Franklin Township School District and the Elk Township School District. Delsea, previously known as the Southern Gloucester County Regional School District, opened its doors in 1960-61 to serve an enrollment of approximately 1,050 students, grades 7 – 12.

The Delsea Regional School District buildings, consisting of one middle school building, which also contains the district offices, and one high school building, are physically located on one 85-acre campus in Franklin Township. The district consists of approximately 76 square miles, including both Franklin and Elk Townships.

The Township of Franklin, or Franklinville, incorporated in 1820, is comprised of 56.8 square miles located in southeastern Gloucester County, in south central New Jersey. Historically, this has long been an agricultural area of the state. Despite the fact that Franklin and Elk are located approximately equidistant to Wilmington, Philadelphia, and Atlantic City, they remain largely rural communities with an important agricultural presence. Franklin, the larger of the two contiguous communities, contains more small businesses geared toward the local consumer. Elk, 19.8 square miles in size, is known for, and prides itself on, its many fine orchards. More recently, the completion of State Route 55, which passes through both townships, has provided a direct means of transportation to the northeast's main interstate system.

Although Route 55 has brought significant growth to several towns along its corridor, the impact on Franklin and Elk has been less than on some other communities. One important factor impeding growth in both townships is lack of township water or sewer facilities. In Franklin, all homes and businesses use well water and septic systems. The same is true for the large majority of homes and businesses in Elk. Not many large businesses exist in the area. The Franklin Township School District and the Delsea Regional School District, located in Franklin, are that township's largest employers.

From a 1990 U.S. Bureau of the Census population figure of 14,482, Franklin has grown to a 1996 estimated population of 15,133. In Elk, the 1990 population was 3,806, and the 1996 estimated figure was 3,864. The student population is stable; Delsea's school report card identifies an average district-wide student mobility rate of 6.3% at the middle school and 10.6% at the high school in 1998-99, compared to 15.5% and 13.7%, respectively, state-wide. Between these two communities, an average of 33% of the present population has obtained at least a high school diploma. The two townships house a population that is 87% white, 7% black, 3% Hispanic, and 3% other.

In the year 2001, Franklin and Elk townships find themselves at a crossroads, already behind a number of communities in Gloucester County. The large homes being built in both townships signal the inevitable growth to come. It remains largely for these two communities to decide what form that growth will take in this geographic area.

## **I. BEST PRACTICES**

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and, possibly, save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot site every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

### **Technology**

Delsea Regional School District has made a strong commitment to technology. The district has an active technology committee that has developed a complete plan, which is reviewed biennially. The board supports this plan by committing the funds necessary for continued forward momentum. The infusion of technology in the district is evidenced in classroom instruction, administrative functions, and business operations. A sampling of these extensive operations follows:

- A comprehensive website that provides a wealth of information to students, parents, and district staff. The Delsea Regional School website offers visitors:
  - ◆ A calendar that highlights a number of activities and important dates in both the school district and the municipality, which the staff is able to update at any time;
  - ◆ Student and teacher manuals;
  - ◆ Board policies;
  - ◆ Curriculum guides;
  - ◆ Athletic and extracurricular schedules;
  - ◆ Lesson plans that are electronically generated and maintained by teachers and made available to supervisors; and,
  - ◆ A multitude of links that provide complementary information.
- A student record/information system that allows Delsea to record, access, report and manage student information over the web. This system provides real-time information to other staff and administrators, students, and parents. Teachers electronically record attendance and grades and this information is immediately available to parents and students through a confidential login. The administration is able to generate reports with much less effort. Parents are able to contact teachers conveniently using e-mail.
- A desktop computer in each classroom specifically intended for staff use.
- Circulation and cataloging automation in each library which facilitates the administrative functions of the librarian. The automation assists the librarian with the process of checking-in and out materials, generating an inventory list, determining future needs, and year-end reporting.
- A television broadcasting studio.
- A distance learning lab.

- A variety of computer classes including software and hardware instruction such as Computer Applications, Programming, PC Repair and Troubleshooting, and Cisco Network Academy, which teaches students to design, build and maintain computer networks using web technologies.
- A computer reconditioning/recycling program. Through its Army Junior Reserve Officer Training Corps program (JROTC), Delsea obtains used computers from Lockheed Martin. Delsea students recondition these machines in technology classes, and the machines are then recycled into district science classes and special education classes. Several of these machines are now on loan for local police department work and the district plans to place several more on loan in the new Franklin Township public library. By fall 2000, the district had reconditioned and recycled approximately 75 computers in this manner.

### **Partnerships**

The district has benefited from a number of partnerships with different businesses and corporations, who provide services or materials free of charge to the district. District partners have included:

Dupont - The Dupont Corporation has donated generously to the Delsea Regional School District and has partnered with the district in many respects to benefit students. Dupont has donated science equipment to the district and provides mentors for the high school engineering students. The company has also provided workshops for staff, and participated in the “Groundhog Career Shadowing Day”, held for sophomores on February 2<sup>nd</sup> as an introduction to a variety of career choices. To encourage young women, several of Dupont’s female engineers have visited the school to address careers for women in science and math.

Kessler Memorial Hospital - This Atlantic County Hospital has partnered with the district to provide first-hand career information and experience to Delsea students.

Prentice Hall Publishers - This corporation donated \$25,000 worth of books to help launch the district’s school-wide summer reading program.

In addition, the district has benefited from numerous donations of money, goods and services from local businesses, including restaurants, financial institutions, and other enterprises in support of student programs.

### **Educating Students In-District**

Committed to educating district students locally whenever possible, the Delsea Regional School District is recognized for its innovative and cost-efficient programs, which include the following:

In-House Alternative Education Program - By creating this program, discussed more fully in the Alternative Education section of this report, the district has realized a savings in tuition and transportation which it would otherwise have incurred in sending these students to out-of-district programs. Most importantly, the district has succeeded in reaching students who otherwise might have left school altogether.

In-House Special Education Programs - Over the 1998 and 1999 school years, the district has saved almost \$250,000 in tuition alone by creating programs that allow for the return of special needs students to the Delsea campus.

**Number of Days of Peace and Respect**

Everyone who steps into the large foyer of the middle school is greeted by two large banners, one each for the seventh and eighth grades, announcing the number of days of “peace and respect” created in the school. The number increases each day there are no fights or major disturbances, and immediately drops to zero when there is an incident. In conjunction with the count, star beams are placed throughout the foyer containing notes from district employees in recognition of positive student behavior. The middle school principal has found that student interest in this program has been positive, and has increased productivity throughout the building. Most importantly, the principal, teachers and staff can give more positive instruction and attention to the full student population.

## **II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS**

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the school district and its taxpayers.

In its study, the review team found the district makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted, as appropriate, in the findings to follow. The district is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

### **COMPARATIVE ANALYSIS**

Many of the recommendations contained in this report are based upon comparisons of data from districts of similar locality, enrollment size, socioeconomic district factor group (DFG), and operating type (i.e., K-6 vs. K-8 vs. K-12, etc.). This data is obtained from the districts' 1998-99 Comprehensive Annual Financial Reports (CAFR), the March, 2000 Department of Education Comparative Spending Guide, and the 1999 NJ School Report Cards. The school districts chosen for detailed comparison with Delsea Regional include North Burlington County Regional, Central Regional, and Gateway Regional. The district is also compared with all the grade 7-12 and 9-12 school districts statewide. (Total of 48 districts.)

Table 1 compares revenues and their percentage of total budget from the 1998-99 CAFR with the four similar school districts mentioned previously. The Delsea Regional School District receives more state aid, in both dollar amount and percentage of total revenue, than the three other districts in our comparative sample. Therefore, conversely, the district raises a smaller percentage of its total revenues from the local tax levy than the other districts in our sample. This is a result of the district having the lowest equalized value of real estate per student of the districts sampled and the second lowest district income per student. These are the two major factors in determining Core Curriculum Standards Aid, which makes up the largest portion of state aid to the district.

Table 1								
Southern Gloucester County (Delsea) Regional School District								
Comparison of Revenues								
Based on Audit Report as of June 30, 1999								
	Delsea Regional		No. Burlington Co. Reg.		Central Regional		Gateway Regional	
<b>Revenues 98-99</b>								
<b>General Fund</b>								
Local Tax Levy	\$4,798,857	27.2%	\$5,582,218	34.2%	\$16,066,043	80.4%	\$4,093,145	35.3%
State Aid	\$12,595,068	71.4%	\$9,234,208	56.5%	\$3,628,451	18.1%	\$6,533,877	56.4%
Federal Aid	\$855	0.0%	\$1,049,679	6.4%	\$0	0.0%	\$0	0.0%
Transportation Fees from Other LEA's	\$115,890	0.7%	\$0	0.0%	\$0	0.0%	\$707,786	6.1%
Tuition	\$0	0.0%	\$70,994	0.4%	\$36,381	0.2%	\$12,700	0.1%
Interest on Investments	\$48,053	0.3%	\$0	0.0%	\$218,939	1.1%	\$0	0.0%
Miscellaneous	\$78,346	0.4%	\$403,377	2.5%	\$44,053	0.2%	\$231,642	2.0%
<b>Total General Fund</b>	<b>\$17,637,069</b>	<b>100.0%</b>	<b>\$16,340,476</b>	<b>100.0%</b>	<b>\$19,993,866</b>	<b>100.0%</b>	<b>\$11,579,149</b>	<b>100.0%</b>
<b>Special Revenue Fund</b>								
State Aid	\$398,494	54.1%	\$89,643	31.0%	\$331,991	41.5%	\$125,018	38.1%
Federal Aid	\$338,257	45.9%	\$199,202	69.0%	\$465,564	58.2%	\$202,700	61.9%
Other	\$0	0.0%	\$0	0.0%	\$2,290	0.3%	\$0	0.0%
<b>Total Special Revenue Fund</b>	<b>\$736,751</b>	<b>100.0%</b>	<b>\$288,845</b>	<b>100.0%</b>	<b>\$799,845</b>	<b>100.0%</b>	<b>\$327,719</b>	<b>100.0%</b>
<b>Capital Projects Fund</b>								
Interest on Investments	\$5,268	100.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
<b>Total Capital Projects Fund</b>	<b>\$5,268</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Debt Service Fund</b>								
Local Tax Levy	\$635,032	27.9%	\$743,332	71.1%	\$25,335	99.5%	\$0	0.0%
State Aid	\$1,642,365	72.1%	\$302,576	28.9%	\$129	0.5%	\$0	0.0%
Interest on Investments	\$313	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
<b>Total Debt Service Fund</b>	<b>\$2,277,710</b>	<b>100.0%</b>	<b>\$1,045,908</b>	<b>100.0%</b>	<b>\$25,464</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Fiduciary Fund Type</b>								
Miscellaneous	\$45,332	86.2%	\$10,295	100.0%	\$0	0.0%	\$3,268	15.7%
Interest on Investments	\$7,227	13.8%	\$0	0.0%	\$0	0.0%	\$17,544	84.3%
<b>Total Fiduciary Fund Type</b>	<b>\$52,559</b>	<b>100.0%</b>	<b>\$10,295</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$20,813</b>	<b>100.0%</b>
<b>Total General Fund</b>	<b>\$17,637,069</b>	<b>85.2%</b>	<b>\$16,340,476</b>	<b>92.4%</b>	<b>\$19,993,866</b>	<b>96.0%</b>	<b>\$11,579,149</b>	<b>97.1%</b>
<b>Total Special Revenue Fund</b>	<b>\$736,751</b>	<b>3.6%</b>	<b>\$288,845</b>	<b>1.6%</b>	<b>\$799,845</b>	<b>3.8%</b>	<b>\$327,719</b>	<b>2.7%</b>
<b>Total Capital Projects Fund</b>	<b>\$5,268</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Debt Service Fund</b>	<b>\$2,277,710</b>	<b>11.0%</b>	<b>\$1,045,908</b>	<b>5.9%</b>	<b>\$25,464</b>	<b>0.1%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Fiduciary Fund Type</b>	<b>\$52,559</b>	<b>0.3%</b>	<b>\$10,295</b>	<b>0.1%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$20,813</b>	<b>0.2%</b>
<b>Total Revenues (All Funds)</b>	<b>\$20,709,357</b>	<b>100%</b>	<b>\$17,685,524</b>	<b>100%</b>	<b>\$20,819,175</b>	<b>100%</b>	<b>\$11,927,680</b>	<b>100%</b>
Local Tax Levy (General Fund)	\$4,798,857	23.2%	\$5,582,218	31.6%	\$16,066,043	77.2%	\$4,093,145	34.3%
Local Tax Levy (Debt Service)	\$635,032	3.1%	\$743,332	4.2%	\$25,335	0.1%	\$0	0.0%
<b>Total Local Tax Levy</b>	<b>\$5,433,889</b>	<b>26.2%</b>	<b>\$6,325,550</b>	<b>35.8%</b>	<b>\$16,091,378</b>	<b>77.3%</b>	<b>\$4,093,145</b>	<b>34.3%</b>
<b>Total Other Local Revenues</b>	<b>\$300,429</b>	<b>1.5%</b>	<b>\$484,666</b>	<b>2.7%</b>	<b>\$301,663</b>	<b>1.4%</b>	<b>\$972,940</b>	<b>8.2%</b>
State Aid (General Fund)	\$12,595,068	60.8%	\$9,234,208	52.2%	\$3,628,451	17.4%	\$6,533,877	54.8%
State Aid (Special Revenue)	\$398,494	1.9%	\$89,643	0.5%	\$331,991	1.6%	\$125,018	1.0%
State Aid (Debt Service)	\$1,642,365	7.9%	\$302,576	1.7%	\$129	0.0%	\$0	0.0%
<b>Total State Aid</b>	<b>\$14,635,927</b>	<b>70.7%</b>	<b>\$9,626,427</b>	<b>54.4%</b>	<b>\$3,960,571</b>	<b>19.0%</b>	<b>\$6,658,895</b>	<b>55.8%</b>
Federal Aid (General Fund)	\$855	0.0%	\$1,049,679	5.9%	\$0	0.0%	\$0	0.0%
Federal Aid (Special Revenue)	\$338,257	1.6%	\$199,202	1.1%	\$465,564	2.2%	\$202,700	1.7%
<b>Total Federal Aid</b>	<b>\$339,112</b>	<b>1.6%</b>	<b>\$1,248,881</b>	<b>7.1%</b>	<b>\$465,564</b>	<b>2.2%</b>	<b>\$202,700</b>	<b>1.7%</b>
<b>Total Revenues (All Sources)</b>	<b>\$20,709,357</b>	<b>100%</b>	<b>\$17,685,524</b>	<b>100%</b>	<b>\$20,819,175</b>	<b>100%</b>	<b>\$11,927,680</b>	<b>100%</b>
Source: School districts' 1998-99 Comprehensive Annual Financial Reports								

Revenues for “On-behalf of TPAF Pension Contributions” (\$449,133) and “Reimbursed TPAF Social Security Contributions” (\$613,784), which total \$1,062,917 are included in Table 1 under “State Aid.” Expenditures for the same amounts are included in Table 2. These are non-budgeted, offsetting revenues and expenditures for which the district is not legally responsible, but are included in the general purpose financial statements for accounting purposes.

General fund expenditures, calculated by account function as percentages of total general fund expenditures, are also compared to the other districts in our sample. The Delsea School District spends more as a percentage of total expenditures for bilingual education, community service programs, supports services-students, both extraordinary and special services, and instructional staff training services than the three other districts in our sample. Although slightly higher, these expenditures are well within acceptable variances. Conversely, the district spends less as a percentage of total general fund expenditures for out-of-district tuition, health services, support services-students-regular, and general administrative costs. Table 2 below lists all expenditures by function for all the districts in our comparative sample.

Table 2								
Southern Gloucester County (Delsea) Regional School District								
Comparison of General Fund Expenditures								
	<u>Delsea Regional</u>		<u>No. Burlington Co.</u>		<u>Central Regional</u>		<u>Gateway Regional</u>	
Regular Program Instruction	\$5,270,462	30.8%	\$5,328,033	32.5%	\$6,076,340	34.7%	\$3,405,968	28.0%
Special Education	\$1,422,732	8.3%	\$523,318	3.2%	\$1,485,410	8.5%	\$638,108	5.2%
Basic Skills-Remedial	\$136,402	0.8%	\$207,486	1.3%	\$76,965	0.4%	\$125,651	1.0%
Bilingual Education	\$35,456	0.2%	\$0	0.0%	\$12,122	0.1%	\$3,316	0.0%
Vocational Programs	\$0	0.0%	\$256,931	1.6%	\$29,940	0.2%	\$0	0.0%
Sponsored Co-Curricular Activities	\$121,423	0.7%	\$134,811	0.8%	\$72,389	0.4%	\$106,530	0.9%
Sponsored Athletics	\$388,644	2.3%	\$284,652	1.7%	\$602,986	3.4%	\$359,865	3.0%
Community Service Programs	\$41,752	0.2%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other Instructional Programs	\$0	0.0%	\$0	0.0%	\$5,852	0.0%	\$0	0.0%
<b>Total Instructional Cost</b>	<b>\$7,416,871</b>	<b>43.3%</b>	<b>\$6,735,231</b>	<b>41.1%</b>	<b>\$8,362,004</b>	<b>47.7%</b>	<b>\$4,639,438</b>	<b>38.2%</b>
Tuition (Out-of-District)								
<b>Undistributed Expense – Instruction</b>	<b>\$735,475.00</b>	<b>4.3%</b>	<b>\$747,418.00</b>	<b>4.6%</b>	<b>\$1,153,106.50</b>	<b>6.6%</b>	<b>\$620,110.75</b>	<b>5.1%</b>
Attendance & Social Work Services	\$71,797	0.4%	\$57,565	0.4%	\$105,489	0.6%	\$27,075	0.2%
Health Service	\$91,954	0.5%	\$199,280	1.2%	\$142,071	0.8%	\$77,290	0.6%
Support Services-Students-Related	\$31,121	0.2%	\$27,545	0.2%	\$98,265	0.6%	\$17,127	0.1%
Support Services-Students-Extraordinary	\$57,639	0.3%	\$34,586	0.2%	\$0	0.0%	\$0	0.0%
Support Services-Regular Students	\$525,328	3.1%	\$540,902	3.3%	\$710,468	4.1%	\$411,681	3.4%
Support Services-Special Services	\$468,432	2.7%	\$191,484	1.2%	\$416,275	2.4%	\$125,659	1.0%
Improvement of Instruction Services	\$255,547	1.5%	\$259,854	1.6%	\$220,425	1.3%	\$340,152	2.8%
Media Services/School Library	\$193,824	1.1%	\$197,948	1.2%	\$181,103	1.0%	\$174,626	1.4%
Instructional Staff Training Services	\$47,071	0.3%	\$48,819	0.3%	\$9,770	0.1%	\$4,657	0.0%
<b>Total Support Services</b>	<b>\$1,742,713</b>	<b>10.2%</b>	<b>\$1,557,983</b>	<b>9.5%</b>	<b>\$1,883,866</b>	<b>10.8%</b>	<b>\$1,178,268</b>	<b>9.7%</b>
General Administration	\$406,259	2.4%	\$388,621	2.4%	\$604,807	3.5%	\$363,843	3.0%
School Administration	\$645,052	3.8%	\$709,462	4.3%	\$652,333	3.7%	\$242,507	2.0%
<b>Total Administrative Cost</b>	<b>\$1,051,311</b>	<b>6.1%</b>	<b>\$1,098,083</b>	<b>6.7%</b>	<b>\$1,257,140</b>	<b>7.2%</b>	<b>\$606,350</b>	<b>5.0%</b>
Allowable Maintenance of Facilities	\$204,524	1.2%	\$292,643	1.8%	\$0	0.0%	\$0	0.0%
Other Operation and Maintenance of Plant	\$1,493,719	8.7%	\$1,132,265	6.9%	\$1,656,956	9.5%	\$955,838	7.9%
Transportation	\$944,932	5.5%	\$866,738	5.3%	\$1,240,258	7.1%	\$966,755	8.0%
Business & Other Support Services	\$311,701	1.8%	\$239,760	1.5%	\$511,940	2.9%	\$179,088	1.5%
Benefits	\$1,798,783	10.5%	\$2,140,418	13.0%	\$0	0.0%	\$1,229,805	10.1%
On-behalf TPAF Pension Contributions	\$449,133	2.6%	\$321,827	2.0%	\$583,484	3.3%	\$299,028	2.5%
Reimbursed TPAF Social Security	\$613,784	3.6%	\$553,655	3.4%	\$698,086	4.0%	\$420,917	3.5%
<b>Total Other Undistributed Expenditures</b>	<b>\$5,816,576</b>	<b>33.9%</b>	<b>\$5,547,306</b>	<b>33.8%</b>	<b>\$4,690,724</b>	<b>26.8%</b>	<b>\$4,051,431</b>	<b>33.3%</b>
<b>Total Undistributed Expenditures</b>	<b>\$9,346,075</b>	<b>54.5%</b>	<b>\$8,950,790</b>	<b>54.6%</b>	<b>\$8,984,836</b>	<b>51.3%</b>	<b>\$6,456,160</b>	<b>53.1%</b>
Capital Outlay	\$360,211.00	2.1%	\$706,434.00	4.3%	\$162,643.73	0.9%	\$932,638.54	7.7%
Special Schools	\$12,939.00	0.1%	\$10,004.00	0.1%	\$10,498.05	0.1%	\$128,522.76	1.1%
<b>Total General Fund Expenditures</b>	<b>\$17,136,096</b>	<b>100.0%</b>	<b>\$16,402,459</b>	<b>100%</b>	<b>\$17,519,982</b>	<b>100%</b>	<b>\$12,156,759</b>	<b>100%</b>
<b>Other Uses of Funds (Food Service)</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$2,335,042</b>	<b>13.3%</b>	<b>\$0</b>	<b>0.0%</b>
Source: School districts' 1998-99 Comprehensive Annual Financial Reports								



Because enrollments, budget size and individual line items vary significantly from district to district, evaluation of the CAFR's provides only a partial comparison. The NJ Department of Education Comparative Spending Guide calculates per pupil spending statewide in 13 different functional categories by district operating type and size, and ranks the districts from low to high spending. Of the 48 Grade 7-12 and 9-12 school districts statewide, the Delsea Regional School District's per pupil spending ranked in the lowest 25% in seven of the categories, and in the lowest third in all but one category. The Comparative Spending Guide also calculates median salaries and ratios to the number of students for teachers, administrators, and support service personnel. These calculations are also ranked by their ability to effect lower or higher cost. The Delsea Regional School District ranked in the lowest third in all of these categories. Tables 3 and 4 below show costs per pupil for the districts in our comparative sample and their rankings in the 48 Grade 7-12 and 9-12 districts.

Table 3								
Southern Gloucester County (Delsea) Regional School District								
Per Pupil Spending								
Comparison Ranking by District 98-99								
(Total 48 Schools)	<u>Delsea Regional</u>		<u>No. Burlington</u>		<u>Central Regional</u>		<u>Gateway Regional</u>	
<u>Selected Cost Factors</u>	<u>Amount</u>	<u>Rank</u>	<u>Amount</u>	<u>Rank</u>	<u>Amount</u>	<u>Rank</u>	<u>Amount</u>	<u>Rank</u>
Cost Per Pupil	\$8,198	7	\$8,766	16	\$8,529	13	\$8,372	11
Classroom Instruction	\$4,673	12	\$4,370	5	\$4,855	16	\$4,640	11
Classroom Salaries & Benefits	\$4,408	10	\$4,064	5	\$4,691	18	\$4,470	14
General Supplies & Textbook	\$207	18	\$252	33	\$151	2	\$161	7
Purchased Services & Other	\$58	29	\$54	26	\$13	5	\$9	3
Support Services	\$1,139	14	\$1,247	23	\$1,226	21	\$1,292	27
Support Services Salaries & Benefits	\$987	16	\$1,122	23	\$1,106	22	\$1,143	25
Total Administrative Cost	\$872	5	\$980	11	\$1,052	18	\$847	4
Salaries & Benefits for Admin.	\$684	7	\$820	17	\$757	9	\$662	5
Operations & Maintenance	\$1,037	18	\$1,077	22	\$947	13	\$961	14
Salary & Benefits for Oper. & Maint.	\$471	18	\$603	32	\$469	17	\$342	4
Food Service	\$0	0	\$0	0	\$0	0	\$0	0
Extracurricular Cost	\$315	6	\$286	4	\$401	16	\$498	25
Total Equipment Costs	\$199	N/A	\$316	N/A	\$142	N/A	\$308	N/A
Personal Service-Employee Benefits	16.5%		21.7%		19.2%		17.5%	
Student/Teacher Ratio	14.7 : 1	7	13.2 : 1	16	15.1 : 1	3	13.0 : 1	20
Median Teacher Salary	\$42,656	3	\$44,813	8	\$61,983	37	\$38,729	1
Student/Support Service Ratio	111.2 : 1	3	87.0 : 1	24	95.2 : 1	14	86.3 : 1	26
Median Support Service Salary	\$57,314	15	\$53,267	9	\$64,139	33	\$57,770	16
Student/Administrator Ratio	137.8 : 1	12	122.6 : 1	20	137.4 : 1	13	160.9 : 1	5
Median Administrator Salary	\$76,175	13	\$78,215	16	\$83,264	28	\$61,707	1
Faculty/Administration Ratio	10.6 : 1	19	10.7 : 1	17	10.5 : 1	20	14.2 : 1	4
98-99 Appropriated Fund Balance vs. (Used)/Generated	\$500,000	\$456,827	\$780,492	\$21,295	\$1,557,250	(\$30,780)	\$118,730	(\$221,301)
99-00 Fund Balance in excess of 6%	\$779,411		\$631,532		\$1,350,000		\$0	
Source: DOE Comparative Spending Guide March, 2000								

<b>Table 4</b>								
<b>Southern Gloucester County (Delsea) Regional School District</b>								
<b>Per Pupil Spending</b>								
<b>Three Year Comparison</b>								
<b>(Total of 48 School Districts)</b>	<b>1997-98</b>		<b>1998-99</b>			<b>1999-00</b>		
	<b>Actual</b>	<b>Ranking</b>	<b>Actual</b>	<b>% Change</b>	<b>Ranking</b>	<b>Budget</b>	<b>% Change</b>	<b>Ranking</b>
Cost Per Pupil	\$8,120	8	\$8,198	1.0%	7	\$8,313	1.4%	7
Classroom Instruction	\$4,684	10	\$4,673	-0.2%	12	\$4,936	5.6%	12
Classroom Salaries & Benefits	\$4,505	12	\$4,408	-2.2%	10	\$4,663	5.8%	11
General Supplies & Textbook	\$128	2	\$207	61.7%	18	\$236	14.0%	29
Purchased Services & Other	\$52	29	\$58	11.5%	29	\$56	-3.4%	18
Total Support Services	\$1,134	15	\$1,139	0.4%	14	\$1,087	-4.6%	6
Support Services Salaries & Benefits	\$961	13	\$987	2.7%	16	\$948	-4.0%	7
Total Administrative Cost	\$786	2	\$872	10.9%	5	\$896	2.8%	4
Salaries & Benefits for Admin.	\$610	3	\$684	12.1%	7	\$711	3.9%	6
Plant Operations & Maintenance	\$1,007	15	\$1,037	3.0%	18	\$991	-4.4%	13
Salaries & Benefits for Operation/Maintenance	\$453	13	\$471	4.0%	18	\$460	-2.3%	15
Food Service	\$0	0	\$0	0.0%	0	\$1	NA	1
Extracurricular Cost	\$336	7	\$315	-6.3%	6	\$291	-7.6%	3
Median Teacher Salary	N/A	N/A	\$42,656	N/A	3	\$43,769	2.6%	3
Median Support Service Salary	N/A	N/A	\$57,314	N/A	15	\$58,988	2.9%	16
Median Administrator Salary	N/A	N/A	\$76,175	N/A	13	\$77,099	1.2%	10
<b>Ranked High Ratio to Low</b>								
Student/Administrator Ratio	N/A	N/A	137.8 : 1		12	125.2 : 1		18
Faculty/Administrator Ratio	N/A	N/A	10.6 : 1		19	9.6 : 1		30
Source: DOE Comparative Spending Guide March, 2000								

The NJ School Report Card provides statistical data regarding numbers of students, teachers, and administrators, and their respective ratios. It also includes median salaries, SAT results, and student mobility rate. Table 5 below shows these data in detail.

Table 5				
Southern Gloucester County (Delsea) Regional School District				
School Data Comparison				
As of June 30, 1999				
	<u>Delsea Regional</u>	<u>No Burlington Co</u>	<u>Central Regional</u>	<u>Gateway Regional</u>
<b>Description</b>				
County	Gloucester	Burlington	Ocean	Gloucester
District Type	II	II	II	II
Grades	G7-12	G7-12	G7-12	G7-12
District Factor Group	CD	DE	B	CD
Certified Employees	175	150	161	112
Other Employees	83	149	94	75
Total Employees	258	299	255	187
Square Miles	76	100	43.95	N/A
<b>Number of Schools</b>				
Pre School	0	0	0	0
Elementary	0	0	0	0
Middle	1	1	1	0
High School	1	1	1	1
Adult High	0	0	0	0
Alternative School	0	0	0	0
Total Schools	2	2	2	1
<b>Students "On Roll" (98-99)</b>	1,770	1,532	1,923	1,136
<b>Administrative Personnel 1997-98</b>				
Number of Administrators	11	12.5	14	12
Students per Administrator	160.9 : 1	122.6 : 1	137.4 : 1	94.7 : 1
# Faculty per Administrator	14.2 : 1	10.7 : 1	10.5 : 1	8.3 : 1
<b>Median Salary 1997-98</b>				
Administrators	\$61,707	\$78,215	\$83,264	\$72,600
Faculty	\$41,687	\$46,178	\$62,225	\$42,610
<b>Median Years of Experience 97-98</b>				
Administrators	16	27	25	21
Faculty	11	17	15	14
<b>Scholastic Assessment Test Results</b>				
Average Math Score 1998-99	479	523	504	509
Average Verbal Score 1998-99	485	533	482	507
<b>Post-Graduation Plans Class of 1999</b>				
4 year College/University	32%	43%	32%	49%
2 year College	36%	33%	43%	30%
Other College	0%	1%	2%	0%
Other Post-Secondary School	3%	3%	6%	1%
Military	0%	0%	0%	0%
Full-time employment	24%	13%	12%	16%
Unemployed	0%	0%	0%	0%
Other	0%	5%	0%	3%
Undecided	5%	2%	5%	1%
	100%	100%	100%	100%
Instructional Time	6:01	5:47	5:31	5:09
Student Mobility Rate	9.0%	13.8%	14.2%	5.7%
Dropout rate	4.2%	0.7%	5.5%	2.1%

Source: NJ School Report Card

The information provided by this table further supports conclusions drawn from the information on the preceding tables. The district has the most cost-effective ratios of students and teachers to administrators. In addition, the district has the lowest median salaries for teachers and administrators during 1997-98 of all the districts in our comparative sample, but this is most likely due to having, on average, fewer years of experience than the other districts.

**The district is commended for their ability to control costs in all functional categories of spending.**

## **ADMINISTRATION**

### **Organization**

The Delsea Regional School District is a Type II district consisting of grades 7 through 12. A nine-member board elected by local citizens for staggered three-year terms governs the district. The board offices are located in the administrative wing of Delsea Regional Middle School.

The district consists of two schools: Delsea Regional Middle School, which houses grades 7 and 8, and Delsea Regional High School, grades 9 through 12. The schools share a verdant 85-acre campus in a residential area of Franklin Township.

Three district-wide administrative positions report directly to the superintendent:

- the assistant superintendent for curriculum;
- the board secretary/business administrator; and
- the director of the child study team.

Two confidential secretaries also report to the superintendent.

The business administrator/board secretary is responsible for the administration of the business office and its four positions: one confidential secretary; a payroll clerk and senior bookkeeper; a bookkeeper, and the accounts payable clerk. The district supervisor of buildings and grounds, and the transportation supervisor also report directly to the business administrator/board secretary.

The middle school and high school are administered by the individual building principals. The middle school has one vice principal and two full-time secretaries; the high school two vice principals, and three full-time secretaries. All district principals and vice principals hold 12-month positions. Four district-wide instructional supervisor positions existed at the time of the review. The four instructional supervisors serve both the middle school and high school. These positions were created to streamline the former individual department chair positions. The instructional supervisors oversee the following disciplines: 1) English, social studies, world languages; 2) math, science, technology; 3) physical education, health; and 4) student personnel services. These are essentially 10-month positions, with stipends for additional time as needed.

Following are 1998-99 school enrollments, showing an increase of approximately 7.5% in district-wide enrollment over the past five-years:

#### **Delsea School Enrollments**

<b>School</b>	<b>1994-95</b>	<b>1998-99</b>
Delsea Regional M.S.	599	646
Delsea Regional H.S.	1,045	1,124
<b>Totals</b>	<b>1,644</b>	<b>1,770</b>

Source: 1998-99 School Report Cards

#### **Administrative Costs**

The Delsea Regional School District is commended for its control of administrative costs. As previously related in the Comparative Analysis section of this report, the NJ Department of Education Comparative Spending Guide calculates per pupil spending statewide in 13 different functional categories by district operating type and size, and ranks the districts from low to high spending. For actual spending in fiscal years 1997-98, 1998-99, and budgeted spending for 1999-00, Delsea ranked second, fifth, and fourth, respectively, among the 48 grades 7-12 and 9-12 school districts in the state for total administrative costs per pupil.

Based on the district's Comprehensive Annual Financial Report (CAFR), the review team performed an additional comparison dividing administrative costs into two categories: general administrative costs and school administrative costs. Costs for school administration were on a par with the districts in our comparative analysis, but in particular, what propelled the favorable ranking in the Comparative Spending Guide was the district's ability to control general administrative costs. Of the districts in our sample, Delsea had the lowest general administrative costs as a percentage of total expenditures. The statistical section of the comparative analysis reveals what drives these numbers. The Delsea Regional School District had the lowest median administrative salaries, the highest student-to-administrator ratio, and the highest faculty-to-administrator ratio of the four districts in our comparative sample. The table below provides a detailed comparison of the districts' administrative costs.

<b>1998-99 Administrative Costs</b>				
	<b>Delsea</b>	<b>No. Burlington</b>	<b>Central</b>	<b>Gateway</b>
Salaries	\$226,260	\$156,936	\$302,285	\$203,862
Legal Fees	\$533	\$14,769	\$53,153	\$5,634
Other Purchased Professional Services	\$22,400	\$15,830	\$60,601	\$56,532
Purchased Technical Services	\$2,200	\$7,848	\$0	\$0
Communications/Telephone	\$59,301	\$49,230	\$67,456	\$46,317
Other Purchased Services	\$74,567	\$25,055	\$35,550	\$25,448
Supplies and Materials	\$5,048	\$68,357	\$17,503	\$2,253
Judgements Against the District	\$0	\$50,322	\$0	\$0
Miscellaneous Expenditures	\$15,950	\$274	\$68,260	\$23,797
<b>Total General Administrative Costs</b>	<b>\$406,259</b>	<b>\$388,621</b>	<b>\$604,807</b>	<b>\$363,843</b>
Salaries Principals/Asst. Principals	\$417,368	\$491,582	\$415,557	\$165,556
Salaries Other Professional Staff	\$74,451	\$2,318	\$0	\$0
Salaries Secretarial and Clerical	\$94,111	\$195,959	\$196,969	\$59,600
Other Salaries	\$0	\$0	\$4,818	\$0
Purch Professional & Tech. Services	\$5,508	\$0	\$4,229	\$1,042
Other Purchased Services	\$23,235	\$5,780	\$530	\$12,118
Supplies and Materials	\$21,619	\$5,700	\$25,832	\$6,075
Other Objects	\$8,760	\$8,123	\$4,398	\$7,116
<b>Total School Administrative Costs</b>	<b>\$645,052</b>	<b>\$709,462</b>	<b>\$652,333</b>	<b>\$251,507</b>

### **General Administrative Costs**

General administrative costs consist primarily of salaries, purchased services, and miscellaneous expenditures for the board office. The line for salaries includes the salary of the superintendent, the superintendent's secretaries, the treasurer of school monies and, in the case of Delsea, the board attorney. As related in the Comparative Analysis section of this report, the district's administrative salaries ranked 13 lowest of the 48 grades 7-12 and 9-12 school districts statewide. For Delsea, the line for legal fees represents only the amount paid to the board attorney other than salary. The lines for other purchased professional services, purchased technical services, and other purchased services include the amounts paid to outside auditors, architects, bond paying agents, election services, staff relations and negotiation services, and community relations firms. Travel is reviewed in this report under the section titled board member expenses. Communications/telephone expenses are also reviewed in a separate section of this report.

### **Purchased Professional Service Fees**

After salaries, purchased professional service fees make up the next largest portion of administrative costs and are reviewed individually. These include fees for legal services, annual audit, architects, and miscellaneous board member expenses. The table below provides a comparison to other similar school districts for legal and audit fees.

<b>Survey of Professional Services Fees 1998-99</b>						
	<b>Delsea Regional</b>	<b>Central Regional</b>	<b>Gateway Regional</b>	<b>No. Burlington Regional</b>	<b>Clearview Regional</b>	<b>Kingsway Regional</b>
Total District Legal Expenses	\$56,925	\$55,465	\$9,721	\$14,768	\$6,161	\$13,644
Retainer Fees	\$5,272	\$0	\$0	\$0	\$0	\$0
Hourly Rate	\$100	\$125	\$95	\$110	\$115	\$125
Amount Paid as Salary	\$56,392	\$0	\$0	\$0	\$0	\$0
Benefits Paid	\$7,814	\$0	\$0	\$0	\$0	\$0
<b>Annual Audit Fee</b>	<b>\$20,500</b>	<b>\$19,600</b>	<b>\$18,794</b>	<b>\$14,500</b>	<b>\$15,000</b>	<b>\$13,603</b>

### **Legal Fees**

The district employed an attorney for various legal services during 1998-99. These services included attendance at board meetings, review of contracts and policies, and litigation of disputes. The table below lists the district's legal expenditures for the last four years.

<b>Delsea Regional School District</b>				
<b>Legal Fees</b>				
	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00*</b>
Salary-Board Attorney	\$70,855	\$38,855	\$56,392	\$60,177
Other Legal Services	\$1,588	\$2,076	\$533	\$4,846
<b>Total</b>	<b>\$72,443</b>	<b>\$40,931</b>	<b>\$56,925</b>	<b>\$65,023</b>

\*Expenses for 1999-00 were unaudited as of this writing.

After a decrease of 45% from 1996-97 to 1997-98, expenditures rose an average of 26% over the next two years. Total legal expenses for 1998-99 were \$56,925. This amount included a retainer of \$5,272. The district does not maintain a written contract specifying the legal services to be provided under the retainer, and the review team found no evidence of services billed under the retainer. In exploring this issue with district officials, LGBR was informed that no services are provided under the retainer. District officials subsequently informed LGBR that they have discontinued payment of a retainer.

The review team found the hourly billing rate of \$100 per hour to be reasonable, as the average hourly rate for attorneys employed in the districts in our survey was \$112. A review of the bills submitted by Delsea's attorney also showed that \$34,770, or 62% of the total billings, was expended on just two cases, both of which, according to district officials, were resolved in a manner favorable to the district. In addition to the billing records, the district maintains a record of legal expenditures on a case by case basis. This information is helpful in determining future budgets, and actions to be taken regarding future grievances or other litigious matters.

All compensation to the board attorney, both the retainer and the services billed, are paid as salary through the district's payroll system. The district also pays health, prescription, and dental benefits for the attorney, which cost \$7,814 in 1999-00. None of the districts in our survey paid their attorney a retainer, nor was attorney compensation paid as salary, and none of those districts paid benefits.

**Recommendation:**

Compensating the board attorney like any other third party vendor and discontinuing the practice of compensation through the payroll system would save the district the cost of the employer's share of social security and Medicare. This amounts to 7.65% of salary, which was approximately \$4,300 in 1998-99. In addition, discontinuing the attorney's benefits would save the district approximately \$7,814 annually.

**Cost Savings: \$12,114**

**Audit Fees**

The district paid \$20,500 for auditing fees for 1998-99, the highest auditing cost in our survey. The average auditing fees for the districts in our survey was \$17,000.

**Recommendation:**

The district should issue a request for proposals for audit services in an effort to encourage competitive bidding.

**Estimated Cost Savings: \$3,500**

**Architect Fees**

The district does not appoint an architect of record, but it did employ the services of an architect during 1998-99. The district paid \$400 for architectural fees pertaining to HVAC work at the high school.

**Purchased Technical Services**

The district subscribed to a consulting service for policy updates during 1998-99. Such services research developments in the education field and recommend policy changes. The district paid \$2,200 for this service.

**Board Member Expenses**

Total district board member expenses for 1998-99 were \$95,565, on par with the districts in our comparative sample. The table below shows those expenses in detail.



**Delsea Regional School District  
Board Member Expenses 1998-99**

Board Copy Machines	\$4,240	
Board Member Travel	\$5,022	
Superintendent Travel	\$3,572	
Secretaries Travel	\$262	
Meals	\$3,679	
Meeting Advertisement	\$4,176	
Election Costs	\$4,352	
Liability Insurance	\$7,680	
Fidelity Bond	\$378	
Student Insurance	\$41,205	
<b>Other Purchased Services</b>		<b>\$74,567</b>
Supplies	\$5,048	
Superintendent's Memberships	\$2,027	
NJ School Board Association Memberships	\$7,402	
Delsea Florist	\$1,075	
Contributions to Student Organizations	\$1,200	
Retirement Dinner	\$2,982	
Petty Cash	\$529	
Other Miscellaneous	\$735	
<b>Miscellaneous Board Member Expenses</b>		<b>\$20,998</b>
<b>Total Board Member Expenses</b>		<b>\$95,565</b>

Source: Detailed Account Ledger and 1998-99 Comprehensive Annual Financial Report.

**School Administrative Costs**

School administrative costs consist of salaries, purchased services, and miscellaneous expenditures for the schools. The table below lists the district's school administrative costs in detail.

**Delsea Regional School District  
1998-99 School Administration Costs**

<b>Salaries</b>		<b>\$585,930</b>
Student Medical Services	\$2,220	
Computer Servicing	\$1,925	
Graduation	\$1,363	
<b>Purchased Professional &amp; Technical Service</b>		<b>\$5,508</b>
Copiers	\$7,774	
Travel	\$8,774	
Meals	\$4,478	
Other	\$2,210	
<b>Total Other Purchased Services</b>		<b>\$23,235</b>
Copier Paper	\$766	
High School Supplies	\$7,810	
Graduation Supplies	\$6,775	
Middle School Supplies	\$6,267	
<b>Total Supplies and Materials</b>		<b>\$21,619</b>
<b>Miscellaneous Expenditures</b>		<b>\$8,760</b>
<b>Total School Administrative Costs</b>		<b>\$645,052</b>
Source: Detailed Account Ledger and 1998-99 Comprehensive Annual Financial Report		

Salaries recorded under school administration costs consist primarily of salaries for principals, vice principals, other professional staff, secretaries, and clerical assistants. As previously shown in the comparative analysis section of this report, the Delsea Regional School District ranked as the second lowest district in our comparative sample for these costs. The district with the lowest cost for these salaries had 38% fewer students than Delsea and operated only one school.

Purchased services, supplies and materials, and miscellaneous expenditures are 54% higher than the average of the other districts in our sample. The amount listed in the above table as travel includes, not only mileage, but also registration fees at various conferences and seminars. Although the review team did not compare individual line items within these accounts to the other districts in our comparative sample, it appears that a reassessment of purchasing practices in these areas might result in some minor savings.

## TECHNOLOGY

### Technology Plan

The district's initial technology plan was adopted November, 1997. It was subsequently updated and board approved in April, 1999. The district is commended for reviewing and revising the

technology plan biennially as this provides the administration and the board with a tremendous tool to plan and budget effectively, to stay current in technological advances, and to identify alternative technologies for the district's needs.

The district has a technology committee charged with developing and revising the technology plan. Currently, the committee meets twice a year to review and revise the plan. The technology committee is made up of a diverse group of staff, administrators, board, and community members.

The district maintains a highly informative website. One staff member has developed and maintains this site. During the summer, programs are developed and incorporated into the website, which is configured so that staff can continually revise and update it, minimizing the time required for the web specialist during the school year. This site includes a wealth of information from the administration, staff, board, and students. Information is available concerning academics, student activities, policies, and a calendar of events. In addition, teachers are able to review curriculum guides and prepare and submit lesson plans. This website is truly a model for other districts and was recognized as such at a recent statewide conference of educational administrators.

The technology committee has provided the district with technology policies for both students and staff. These policies were approved in September, 1996 and are available on the website.

The Delsea Regional School District has made a strong commitment to technology and the board has supported this commitment financially. LGBR commends the district's focus on technology in both the classroom and the operation of the district.

### **Organization**

Responsibility for the Delsea Regional School District's computers lies within the office of the director of technology, who is in charge of equipment and infrastructure. The assistant superintendent for curriculum and instruction leads the district in staff development and the infusion of technology into classroom instruction. The business administrator oversees all purchase orders and manages all allocations of the technology grants. The district also employs two full-time, twelve-month technicians. Additionally, one teacher is also assigned a portion of his day assisting with tech support. The technology equipment hub and the technicians are situated in the high school computer/communication office.

### **Hardware**

The district operates nine servers used to support various functions, such as student use, business operations, student records, and a gateway for Internet access. The topology includes five hubs using optic fiber and CAT5 cabling. All schools are interconnected through a wide area network (WAN) and Internet connectivity is through a T-1 line. The district also provides numerous pieces of support equipment, such as printers, routers, scanners, and digital cameras.

The New Jersey State Department of Education's 1996 Comprehensive Plan for Educational Improvement and Financing recommends that districts provide one computer per five students. Delsea Regional operates approximately 650 computers. However, administrators, support staff,

and teachers use 275 of these computers for administrative purposes. The remaining 375 computers are used for instruction. With a student enrollment of just under 1,800 in 1999-00, the Delsea Regional School District has achieved this recommended ratio.

Each building's library is equipped with computers. The middle school library contains 12 computers. The high school library contains twenty computers, plus several auxiliary rooms with computer support: one room is used for word processing and contains 12 computers; another is used for professional development and contains four computers; and another, used as a career and college information center, contains one computer. Printers are networked to 25 to 30 computers district-wide.

The high school also operates a distance learning lab. The distance learning lab is equipped with television monitors, cameras, video recorders, and other supporting equipment that was purchased in 1998. In 1999, the district was able to collaborate with another district and provide an advanced history class. This room is also used to expose students to virtual field trips. For example, NASA and several museums have links that offer an interactive, multimedia experience. The district is also working with area colleges in an effort to provide students with college level courses. In addition, the district is collaborating with other districts that operate compatible distance learning labs in an effort to provide students with special instructional units. The high school also operates a language lab and a television/broadcast studio.

Currently, the middle school houses one computer lab, which is used to teach computer science classes. In addition, several middle school classrooms are equipped with five computers each; a few others are equipped with one or two computers.

The high school houses ten computer labs. Three of these are general labs. Teachers, at any time, can access these general labs by signing up electronically. Five of the 10 high school computer labs are business labs used to teach keyboarding, word processing, and other business office functions. There are also two science labs equipped with computers. Generally, each lab contains 25 computers.

All district classrooms are equipped with a television, VCR, and a desktop computer for the teacher.

Funding for the 1996 high school addition provided wiring for Internet access. Concurrently, using maintenance funding, the middle school was wired for Internet access. The district reported that half of its computers are less than three years old.

### **Software**

The district provides a standard software package consisting of a word processor, spreadsheet, Internet browser, and E-mail. In addition, the district uses an on-line student package that allows parents, teachers, and administrators to access real time information. For example, teachers are able to electronically record grades and attendance. Students are able to access their academic progress anytime. Parents can access their child's performance and correspond electronically with teachers. This package also provides links to educational resources for students and parents. The administration is able to generate reports with greater ease. The district has been

using this package since the 1999-00 school year. During the first year, the vendor provided staff training. Subsequent training is provided in-house by the technicians. Generally, the administration and staff seem satisfied with this on-line package.

### **Technical Support**

The technology coordinator provides all technical support for the district. Staff submits an electronic work order form, or an e-mail message, requesting service. It is reported that on average it takes two days to service these orders. However, many of these problems are minor issues that are resolved more quickly.

An earlier LGBR review team study was conducted to determine adequate staffing for support of a general organization with a desktop technology system. This system would include a standardized suite of application, access to file and printer servers, and host-based legacy applications. The study has determined that a ratio of technicians to computers should be 1:125. This ratio should be adequate to handle the tasks associated with network administration and computer repairs. Based on this ratio, the district could support a total of five technicians. This indicates that the district should increase staff by at least one position.

The district might consider placing an additional technician in the middle school. This would provide more immediate access to technical support for both the central office and the middle school. It is reported that the middle school teachers do not have effective access to technical support. As stated in the district's technology plan, technical support could be augmented in a variety of ways. For example, staff members who are computer literate could receive specific in-house training. These staff members could handle the more routine problems and services. This group could also provide a turnkey approach by which staff could be training other staff members. Another example is that students could also provide assistance through an organized computer club. The work could provide an excellent source of summer employment. Additionally, through internships the district could attract college or county technical school students who would be capable of meeting the district's needs at a reasonable cost.

### **Staff Development**

Delsea Regional Schools provide a district-wide plan for staff development. The technical support group provides training to all new staff and for any of the standard software that the district provides. Staff development is also offered during in-service days and through the Community School, Gloucester County ETTC (Educational Technology Training Center), ERIC (Educational Resources Information Center), and the local colleges. The staff reports that the district has been generous in providing training.

### **Grants**

During the 1998-99 school year, Delsea Regional received a 50% reduction from the E-Rate Universal Service Fund, which equates to a \$17,419 rebate. The district also receives funding for technology from the state through the Distance Learning Aid Grant. (See Grants Management.)

## Purchasing

The district's computers have been purchased using state contracts. The district could realize at least a 25% saving by issuing Requests for Proposals (RFPs). By including hardware specifications in the RFP, the district would maintain uniformity and compatibility. From the outset of the process, the district should consider utilizing the expertise of the technology coordinator, as well as support provided from the ETTC.

## Business Use of Technology

The central office currently uses an automated data processing system for budgetary accounting, payroll, personnel, and fixed assets which includes the ability to create and update inventory. Overall, the system provides the various modules that the district requires, is considered to be highly reliable, and provides timely upgrades. The staff appears to be very satisfied with this system. During the 1998-99 school year, the vendor charged the district about \$6,500 for maintenance on this service.

## Recommendations:

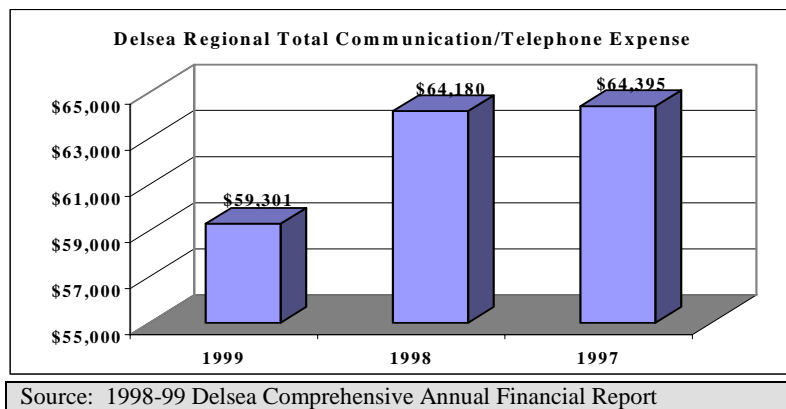
**The district should consider increasing the technical services and support staff and providing this support in the middle school. The district might achieve this by:**

- **training staff to assist with routine or simple problems; and**
- **hiring college or technical students on a part-time basis to assist with technical services and support.**

**Value Added Expense: \$30,000 - \$35,000**

When purchasing equipment, LGBR recommends that the district issue RFPs. With the Procurement Reform dated May 12, 2000, the district can identify the specific equipment it requires and should realize at least a 25% saving. Information regarding the New Jersey Local Agency Procurement Law can be obtained at: [www.state.nj.us/njded/pscl](http://www.state.nj.us/njded/pscl).

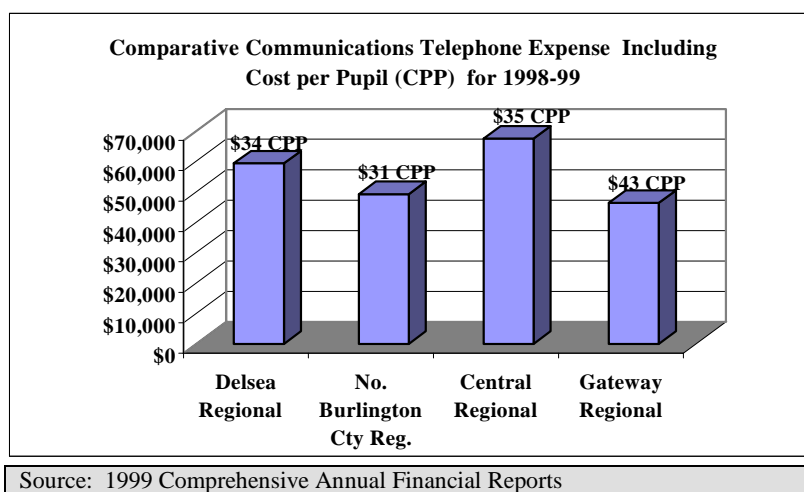
## Communication



A review of the total communication expense, as reported in the Comprehensive Annual Report (CAFR) for the 1997 through 1999 school years, shows a decreasing expenditure, particularly in

1999. This reduction was due to the credits received for E-Rate Universal Service Fund discounts. The communication expense includes charges for telephone service and telephone lines, mobile telephones, pagers, and modems and postage.

When comparing communication expense and respective cost per pupil to the three similar districts selected for this review, Delsea Regional School District's overall expense was second highest and the cost per pupil second lowest during the 1998-99 school year.



### **Recommendation:**

**The district should continue participation in the E-Rate Universal Fund, and investigate other technology grant opportunities offered by major communications companies for additional cost savings. For further information refer to [www.state.nj.us/njded/techno](http://www.state.nj.us/njded/techno).**

### **Telephone System**

During the 1999-00 school year, the district purchased a new phone system at a cost of approximately \$77,000. This progressive system includes 205 lines and is managed over the computer network. It utilizes the identical cabling that is used for the computer network and provides a telephone in every classroom. It is anticipated that, in the near future, the district will realize a saving in telephone expense as a result of this integrated system.

### *Telephone Use*

The board of education maintains a policy regarding staff use of telephones. This policy is also available in the teacher's manual located on the district's website. Staff is expected to minimize the use of directory assistance and reimburse the district for any personal calls. However, because this policy was drafted prior to the installation of the new phone system, the provisions of the policy are now outdated and should be revised.

The business office regularly monitors the monthly phone bills. An extensive review of the 1999-00 invoices by the LGBR team does not indicate any noticeable abuse. However, the

district should consider ways to identify the users in order to ensure minimal exposure to abuse. In addition, the district policy should be amended so that it properly reflects the current expectations and procedures for use of the telephones.

#### *Directory Assistance*

Although district policy does encourage staff to minimize the use of directory assistance and other service charges, the district incurs charges of approximately \$600 - \$700 annually for the use of these service numbers. Providing electronic directories that are convenient to use should minimize this expense.

#### **Recommendations:**

- 1. The board should review and update district policy on staff use of telephones. The revised policy should address the use of service options, such as automatic call placement, caller identification, and return call options.**
- 2. The district should encourage staff to use electronic directories in order to minimize the use of directory assistance.**

#### **Mobile/Cellular Phones**

For the period from July, 1998 through January, 1999, the district averaged over \$400 per month in cellular phone bills. At times during that period, according to the billings, the district had as many as 18 cellular phones, at a cost of \$14.99 plus tax service fee for each phone. On average these service fees made up 68% of the monthly bill, while actual airtime made up the remaining 32%. According to district officials, the majority of usage was for communicating with the bus drivers. More recently, the district has purchased, and is currently using, a two-way radio system to communicate with the bus drivers. As a result, the costs per month for cellular phones have dropped steadily. As of July, 2000, the district had only three cellular phones under the old plan. Their limited usage makes this low cost plan economical for the district. The contract for the cellular phone used by the superintendent is currently being renegotiated in order to purchase the most economical plan based on current usage. The table below details the billing for cellular phone usage and documents the declining cost.

<b>Delsea Regional School District</b>											
<b>Cell Phone Billings for 1998-99</b>											
	<b>Jul-98</b>	<b>Aug-98</b>	<b>Sep-98</b>	<b>Oct-98</b>	<b>Nov-98</b>	<b>Dec-98</b>	<b>Jan-99</b>	<b>Feb-99</b>	<b>Mar-99</b>	<b>Apr-99</b>	<b>Jul-00</b>
<b>Service Fee @ \$15.61 Per Phone</b>	\$280.98	\$281.00	\$281.00	\$280.98	\$280.98	\$281.00	\$287.06	\$109.27	\$109.27	\$109.27	\$46.83
<b>Airtime Charges</b>	\$66.22	\$64.12	\$67.87	\$150.27	\$139.10	\$117.77	\$174.89	\$82.85	\$34.75	\$61.64	\$6.08
<b>Landline Charges</b>	\$10.68	\$10.14	\$8.37	\$18.81	\$19.08	\$10.38	\$12.12	\$9.84	\$1.80	\$2.93	\$0.24
<b>Roamer Charges</b>	\$0.00	\$1.33	\$24.49	\$2.04	\$5.56	\$13.90	\$10.14	\$0.00	\$10.14	\$18.91	\$0.00
<b>Tax</b>	\$0.12	\$0.21	\$0.00	\$0.02	\$0.23	\$0.38	\$0.50	\$0.10	\$0.11	\$0.33	\$0.00
<b>Total Monthly Cost</b>	<b>\$358.00</b>	<b>\$356.80</b>	<b>\$381.73</b>	<b>\$452.12</b>	<b>\$444.95</b>	<b>\$423.43</b>	<b>\$484.71</b>	<b>\$202.06</b>	<b>\$156.07</b>	<b>\$193.08</b>	<b>\$53.15</b>

The review team found no evidence of abuse of the cellular phone service and commends the district on lowering costs. However, the review team recommends the district continue to monitor its cellular phone plans with an eye toward potential savings in this highly competitive and fast-changing market.



### **Two-Way Radios**

Over the last two years, the district has replaced the cell phones that were used on many of the buses with two-way radios. The district has determined that the two-way radios are much more functional and safer for the bus drivers to use than cell phones. The radios do not need to be hand held and the driver can communicate with the push of a button. In addition, the radios are effective over an extensive area in South Jersey. Currently, a radio is provided on every bus. The district owns 43 radios that initially cost \$300 each, and the district pays a \$15 monthly per radio service fee for the rental of a repeater. This equates to an expense of approximately \$7,000 annually. The district should consider performing a cost analysis comparing the purchase of a repeater and other associated costs versus the rental service fee that is currently in place.

### **Pagers**

The district provides ten pagers to district employees. Seven are issued to maintenance and custodial staff and three are issued to the transportation staff. The average monthly cost is \$7 per pager.

### **Coin-Operated Phones**

The district provides seven coin-operated phones, five at the high school and two at the middle school. These phones are provided as a service to the staff and community. The phone company owns and maintains the phones, and the district earns a commission based on the volume of calls. During the 1999-00 school year, the district earned approximately \$700 from the coin-operated phones.

### **Photocopiers**

The district utilizes nine photocopiers located in the two schools and the central office. The district provides seven machines through New Jersey's cost-per-copy contract and owns two machines. The district maintains a maintenance contract for both machines that it owns.

Cost-per-copy contracts typically represent significant cost savings over lease or purchase agreements. Under this arrangement, which offers a variety of vendors and equipment, the vendor provides the agency with copiers for its use. The agency does not rent, lease, or buy the copier, but rather purchases the photocopies. All equipment, parts, and supplies, with the exception of paper and staples, are included in the monthly charge. The monthly charge is determined by the speed and design utilization of the machine. Continuing to monitor the average monthly use will allow the district to determine the appropriate machines for future needs. Utilizing the cost-per-copy contracts is most economical, and the district is commended for providing the majority of its photocopies by this method.

## **INSTRUCTION**

### **Special Education**

This section of the review examines the district's special education staffing and structure, out-of-district placements of students with disabilities, and overall costs. The special education programs in the Delsea Regional School District provide a full continuum of services, ranging

from supplementary instruction to resource programs to self-contained classes in both the middle school and the high school. Students whose needs cannot be met appropriately within the district are considered for tuition placement.

To address the needs of students who are experiencing difficulties, but who are not classified, Delsea Regional has both a pupil assistance committee (PAC) and a core team. The PAC, which includes a member of the child study team, addresses academic and social issues, while the Core Team focuses primarily on issues related to substance abuse, and is the responsibility of the district's two student assistance counselors.

The special education programs and child study team services are provided to all eligible students in grades 7 through 12 under the supervision of the director of child study teams (CSTs). The following chart shows special education enrollments and staffing for the past three years:

#### **SPECIAL EDUCATION ENROLLMENTS & STAFFING**

<b>STUDENT ENROLLMENTS</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>
Total Resident Enrollment	1,752.5	1,811.5	1,828.5
Special Education Enrollment	338	342	334.5
Percent Classified (by CST)	19.3%	18.9%	18.3%
<b>SPECIAL EDUCATION STAFF</b>			
Self-contained Class Teachers	12	0	5
Resource Program Teachers	14	22	18
Supplemental Instruction	1	1	1
Teacher Aides	8	7	8
<b>Total</b>	<b>38</b>	<b>32</b>	<b>35</b>
<b>CHILD STUDY TEAM</b>			
School Psychologists	2	2	2
School Social Workers	3	3	2
Learning Disabilities Teacher/Consultants	2	2	3
<b>Total</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>SPEECH/LANGUAGE SPECIALISTS</b>	3	2	2
<b>SPEECH STUDENT ENROLLMENT</b>	62	70	78

Source: District's Special Education Annual Data Report (each December 1) and ASSA (each October 15)

From the October, 1999 ASSA data, the classified special education students on roll in the district are summarized below according to the New Jersey Department of Education "tier" system. Used as a basis for determining state special education aid to school districts, the tiers provide a general index of the severity of disability. (Students sent to a State Regional Day School or to a County Special Services School District are not included in these totals.) Tiers II, III, and IV relate to a student's designated special education classification category. Tier I, which is not shown, equates to related services (such as speech/language, physical therapy, occupational therapy, or counseling) included in a student's individualized education program, or IEP.

	<b>October 15, 1999 Resident Enrollment</b>
TIER II	234.5
TIER III	83.5
TIER IV	14.0
<b>TOTAL</b>	<b>332.0</b>

### **Special Services Staff**

The CST staff is organized into two teams consisting of three members each, one for each school. There is an additional learning disabilities teacher/consultant (LDT/C) at the high school. The LDT/C at the middle school is the designated case manager for all out-of-district placements. Each team member serves as both case manager and guidance counselor for classified students.

The speech/language specialists shown in the staffing chart above are hired on a part-time basis to provide students with services required on the IEP. In addition to the positions listed in the table, departmental staff includes two sign language interpreters (neither of whom is a district employee), one part-time transition counselor, one part-time psychiatrist, and three clerical personnel. Also, per-case services for occupational and physical therapies are arranged with approved agencies or with private practitioners, as needed.

Total costs for child study team salaries and other associated expenses (though not the costs of speech/language specialists or other related services providers) for 1996-97, 1997-98 and 1998-99 are found in the district's CAFR under the listing "other support services-students-special services," as illustrated below:

### **Child Study Team Support Services Costs**

<b>General Fund</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>
Salaries of Other Professional Staff	\$337,695	\$340,709	\$366,857
Salaries of Secretarial & Clerical Assistants	\$41,230	\$16,178	\$13,891
Other Salaries	\$0	\$0	\$25
Purchased Professional/Educational Services	\$2,803	\$0	\$0
Purchased Professional & Technical Services	\$34,901	\$53,098	\$64,025
Miscellaneous Purchased Services	\$4,075	\$4,503	\$6,157
Supplies & Materials	\$7,528	\$17,900	\$11,881
Other Objects	\$185	\$1,488	\$139
<b>Total</b>	<b>\$428,417</b>	<b>\$433,876</b>	<b>\$468,432</b>

Source: 1998 and 1999 CAFRs

A comparison of special education enrollments and classification rates is shown in the following table:

### Enrollment & Child Study Team Classification Rates

	RESIDENT ENROLLMENT					% CST CLASSIFIED				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
<b>Delsea Regional</b>	<b>1,672</b>	<b>1,706</b>	<b>1,756</b>	<b>1,812</b>	<b>1,829</b>	<b>19.3</b>	<b>18.2</b>	<b>19.7</b>	<b>18.7</b>	<b>18.6</b>
Central Regional	1,846	1,912	1,925	1,955	1,971	17.9	17.3	17.9	18.2	17.9
Gateway Regional	1,026	1,086	1,080	1,093	1,076	15.2	15.1	16.5	17.8	17.8
North. Burlington Reg.	1,403	1,457	1,501	1,567	1,636	12.1	11.5	11.7	12.8	13.6
<b>State Avg.</b>						<b>11.7</b>	<b>12</b>	<b>12.1</b>	<b>12.4</b>	<b>12.8</b>
<b>DFG Avg. (CD)</b>						<b>14.3</b>	<b>14.4</b>	<b>14.7</b>	<b>N/A</b>	<b>N/A</b>

Source: New Jersey Department of Education, Special Education Statistical Report & ASSA

Note: CST Classification Rates - Percentages are calculated by dividing the public special education enrollment (December 1 Report) by the resident public school enrollment (ASSA) for each group.

Although there has been a slight decrease over the most recent three years, the child study team classification rate for Delsea Regional has been higher than in the three comparative districts and higher than the state and DFG averages for the years illustrated. One explanation given for this situation is that the vast majority of classified students arrive at Delsea having been identified in the earlier grades. Yet, the percentage of classified students in Delsea Regional exceeds the percentage at either the Franklin or Elk Township School Districts. It is noted that a number of students who were declassified before the end of sixth grade began to experience difficulties after the transition to the secondary system, thus requiring evaluation and consideration for a resumption of special education services. Articulation among the three districts is encouraged in an effort to review and address these issues. Delsea may want to identify and explore programs or alternatives developed by similar districts to meet student needs while reducing reliance on special education alone.

### Self-Contained Special Class Programs

For the 1999-00 school year, the district operated five self-contained special education programs for 40 students as illustrated below:

#### Self-Contained Special Education Classes April, 2000

School	Class Type	Age Range	Allowable Class Size	Class Size with Aide	Students Enrolled	Aide in Class	Aide Required	Available Space
High School	ED	15-18	9	10-12	7	1	No	3-5
High School	ED	15-18	9	10-12	6	1	No	4-6
High School	ED	14-17	9	10-12	9	2	Yes*	1-3
High School	MD	14-17	8	9-12	12	1	Yes	-
Middle School	ED	12-14	9	10-12	6	1	No	4-6

Class Type Definitions: ED-Emotional Disturbance and MD-Multiple Disabilities

\*Program/IEP: Class enrollment or IEP provisions may require additional aides for such duties as: accompanying and assisting severely disabled students to special programs (i.e., art, music, etc.) dependent on regular class schedules; one-to-one aide assignments; extreme behavioral problems.

The available space indicates a potential for the district to accommodate up to an additional 20 students (grades 7-12) in these self-contained classes with the existing personnel, based on allowable instructional group sizes, with or without classroom aide assignments. The review team recognizes the difficulties of filling every special education classroom to maximum

capacity and acknowledges that special or extraordinary conditions may exist, impacting the functioning of the class as a whole. The district may want to investigate the possibility of bringing in students from other districts on a tuition basis to augment enrollment where appropriate. Other alternatives for cutting expenses include consolidating the three ED classes (now known as BD for behavioral disabilities) into two groups in the high school, reducing staff by one teacher, or eliminating one or more aide positions. Annual examination of this area will assure that the district's resources are more fully utilized.

### **Recommendation:**

**As the review team found that the behavioral disabilities classes in Delsea High School could be reconfigured to reduce staff needs, it is recommended that consideration be given to one of the following two changes:**

- a) consolidating the three classes into two, thereby saving the salary of one teacher, or**
- b) eliminating one of the three aides assigned to the classes.**

**Cost Savings: \$35,420 (teacher)  
or \$15,103 (aide)**

### **Resource Programs**

Resource programs staffed by 18 teachers include in-class support, pullout replacement and support type classes. The in-class support subjects include mathematics, reading and language arts, English (at the high school), social studies and science.

Resource pullout classes account for the majority of the district's special education program. This replacement instruction program utilizes the general education curriculum for the subject with modifications based on each student's IEP. Single subject classes, which cover most academic areas, have an average group size of eight students.

"High Motivation," for students with behavioral difficulties, and "PAVE" (Preparation for Vocational Education), for students with multiple disabilities, are two specialized district programs. Through them, the Delsea staff provides for students with educational needs calling for instruction in a different format than that of the traditional resource class. The Reading Assist Program, formerly called "Project Assist," is another instructional approach used at the middle school and high school levels. Three teachers, one speech/language specialist, and the director of special services have all received district-funded training in this program.

Special education aides are assigned to resource program classes as necessitated by class size, makeup of the group, or other conditions affecting instruction.

### **Supplemental Instruction**

Supplemental instruction is a supportive class offered by the district to students as a way of assisting individuals who have weaknesses in organizational or study skills, thus enabling them to succeed in their mainstream classes. Currently, there is one full-time teacher assigned plus one additional teacher for a single period of supplemental instruction in the high school, and two

teachers who each are assigned for one period in the middle school. In addition to serving classified students, the program is used for students eligible for Section 504, if included on the student accommodation plan.

### Out-of-District Placements

Data for classified students placed outside the district is shown in the chart below. For the 1999-00 school year, the district's average special education out-of-district tuition cost for a public school placement was \$14,862, while the average for private school placement was \$30,119. Transportation costs (not counting four students in residential facilities) for these placements totaled approximately \$180,000, resulting in an average overall cost of \$29,729 per student.

### Out-of-District Placement Costs

School Type	Number of Students	Tuition Costs	Transportation Costs	Average Cost
Public Schools	13	\$193,209	\$49,787	\$18,692
Private Schools	34	\$1,024,048	\$130,213	\$33,949
<b>Total</b>		<b>\$1,217,257</b>	<b>\$180,000</b>	<b>\$29,729</b>

Source: 1999 CAFR and Local Records

In the past two years, 10 students have been returned from tuition placements to programs at Delsea Middle School or Delsea High School. New or expanded programs in the district helped make this possible, resulting in a decrease of nearly 30% in tuition expenditures, as illustrated in the following table. When viewed with the three comparison districts, Delsea was near the lowest figure for special education tuition paid in 1999, after being next to the highest the preceding year.

COMPARISON – SPECIAL ED. TUITION EXPENDITURES, 1998 & 1999								
	Delsea Regional		Central Regional		Gateway Regional		N. Burlington Reg.	
	1999	1998	1999	1998	1999	1998	1999	1998
Other LEA's	\$22,830	\$51,972	\$2,400	\$0	\$25,438	\$22,925	\$0	\$0
County Vo-Tech	\$14,808	\$12,180	\$0	\$0	\$32,991	\$69,333	\$17,500	\$0
CSSD	\$98,562	\$179,996	\$158,142	\$186,654	\$161,861	\$134,140	\$561,648	\$427,808
Private, In-State	\$449,687	\$582,540	\$704,112	\$780,057	\$339,788	\$319,094	\$82,869	\$89,807
Private, Out-of-State	\$0	\$0	\$137,300	\$135,110	\$0	\$0	\$45,625	\$40,164
State Facilities	\$14,253	\$22,924	\$151,153	\$151,601	\$30,697	\$26,916	\$27,697	\$81,132
Other	\$55,394	\$53,832	\$0	\$0	\$29,335	\$54,988	\$0	\$0
<b>Total</b>	<b>\$655,534</b>	<b>\$903,444</b>	<b>\$1,153,107</b>	<b>\$1,253,422</b>	<b>\$620,110</b>	<b>\$627,396</b>	<b>\$735,339</b>	<b>\$638,911</b>

Source: 1999 CAFR

**The district is commended for its efforts to reduce costs for special education by returning students with special needs to programs within the district. Over the past two years, these actions resulted in savings of nearly \$250,000 in tuition alone. The comparative districts have seen their tuition expenses generally remain stable or increase over the same period.**

The following table provides a summary of Delsea's special education costs over the past three school years:

### Delsea Regional School District Cost Comparisons

<b>General Fund</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>
Instructional Services	\$1,253,683	\$1,347,514	\$1,422,732
Related Services	\$23,766	\$44,166	\$31,121
Extraordinary Services	\$78,882	\$98,385	\$57,639
Support Services	\$428,417	\$433,876	\$468,432
Out of District Tuition	\$834,768	\$903,444	\$655,534
Transportation Services	\$102,272	\$145,946	\$181,075
<b>TOTAL</b>	<b>\$2,721,788</b>	<b>\$2,973,331</b>	<b>\$2,816,533</b>

Source: 1999 CAFR

Special education instructional expenditures for programs within the district increased, whereas, regular education instructional costs decreased for the same time period. This reflects a shift in costs for special education, as programs within the district expanded to accommodate students who previously had been placed outside the district. As mentioned above, tuition expenses were reduced significantly, especially between the 1997-98 school year, when \$903,444 was spent on tuition, and 1998-99, when the figure dropped to \$655,534, representing a 27.4% decline.

Instructional costs are affected by the district's laudable efforts to provide programs in the least restrictive environment (LRE), such as self-contained classes or resource programs, as defined above. While less expensive than tuition for out-of-district placements, instructional programs that offer small classes within the district are more expensive than general education classes. A review of class enrollment, with respect to the maximum permitted by New Jersey Administrative Code, indicates that resource programs are well managed and could not be reduced further.

The table below shows a comparison of overall expenditures for special education in Delsea Regional and the three comparative districts during the 1998-99 school year.

### Special Education Expenditure Comparisons 1998-1999

<b>General Fund</b>	<b>Delsea Regional</b>	<b>Central Regional</b>	<b>Gateway Regional</b>	<b>Northern Burl. Reg.</b>
Instructional Services	\$1,422,732	\$1,485,410	\$638,108	\$523,318
Related Services	\$31,121	\$98,265	\$17,333	\$27,545
Extraordinary Services	\$57,639	\$0	\$0	\$34,586
Support Services	\$468,432	\$416,275	\$126,649	\$191,484
Out of District Tuition	\$655,534	\$1,153,106	\$620,111	\$866,993
Transportation Services	\$181,075	\$275,569	\$518,027	\$98,831
<b>TOTAL</b>	<b>\$2,816,533</b>	<b>\$3,428,625</b>	<b>\$1,920,228</b>	<b>\$1,742,757</b>
District ADE	1,750	1,902	1,050	1,505
<b>Cost Per Student</b>	<b>\$1,609</b>	<b>\$1,803</b>	<b>\$1,829</b>	<b>\$1,158</b>

Source: 1999 CAFR

ADE: Average Daily Enrollment

From this information, incorporating the average daily enrollment for each district, the costs per pupil in Delsea Regional are next to the lowest of the comparison group for total special education expenditures.

### **IDEA, Part B Flow-Through Funds**

Each year Delsea Regional applies for its full allocation of Federal flow-through funds under the Individuals with Disabilities Education Act (IDEA), formerly known as P.L. 94-142. The district uses these funds to support additional costs associated with special education.

For Fiscal Year 2000, the district designated all of its IDEA, Part B Basic flow-through funds (\$206,180) for tuition expenses for classified students. Through discussion with various members of the staff, that was determined to be the most effective and efficient use of the allocation. The capacity building portion (\$6,084) of the grant was used to expand related services (speech/language and occupational therapy), in conjunction with the Gloucester County Special Services School District. In previous years, most of the IDEA funds were used for salaries and employee benefits for teachers, child study team members, and other staff serving students with disabilities.

**The district is commended for making use of its entire IDEA flow-through allocation. The review team recommends that the district continue to assess needs annually in the process of developing the flow-through funding application.**

### **Special Education Medicaid Initiative (SEMI)**

The SEMI program provides an opportunity for school district to claim available federal funds and to increase their revenues by claiming Medicaid reimbursement for services provided to eligible special education students. Eligible special education services include evaluations, speech, occupational therapy, physical therapy, psychological counseling and nursing services.

<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>YTD FY 2000*</b>	<b>TOTAL</b>
\$1,469	\$4,121	\$855	\$1,664	\$8,102

\*Data as of April, 2000

The district has taken advantage of the training and technical assistance provided by the SEMI program. As a result, the district has added claims for nursing services and is working to increase enrollment in SEMI.

### **Early Periodic Screening and Diagnostic Treatment (EPSDT)**

Under this new Medicaid program the district is eligible to receive partial reimbursement for administrative expenses related to the special education program.

### **Recommendations:**

**LGBR recommends that the district:**

- **continue claiming for all eligible services on a regular schedule;**
- **continue its enrollment efforts; and**
- **seek application and training for the EPSDT program.**



### **Basic Skills**

In the 1998-99 school year, the Delsea Regional School District provided a basic skills instruction program (BSIP) to 317 eligible students. That figure includes 94 students from the middle school and 223 from the high school.

Staffing for the program consists of four teachers in the middle school and 17 teachers in the high school. The middle school teachers have full schedules of basic skills instruction. The high school teachers usually instruct only one or two basic skills classes daily. There are no instructional aides assigned to the program. All instruction takes place as in-class assistance. The program's student-teacher ratio maximum is 15.8 to 1; the district's typical being nine students per BSIP class. The average basic skills instruction time is 42 minutes per class in each of five subject areas.

Student eligibility for the basic skills program is based on test scores relevant to minimum levels of proficiency (MLP) established with board approval. Following testing, the teachers are surveyed and asked for recommendations. Parents are then notified of the recommendation of placement in basic skills.

Parents can appeal the district's decision to place a student in the BSIP. On appeal, the district re-tests the student using the CAT-5 test for 7<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> graders, the Diagnostic GEPA for 8<sup>th</sup> graders, and the former HSPT for 11<sup>th</sup> and 12<sup>th</sup> grade students. If scores meet the MLP, students can opt out of the program. This process is available every year during the summer months.

**Delsea Regional School District  
Expenditures - Basic Skills Instruction Program  
Fiscal Years Ended June 30, 1999 and 1998**

	<b>1998-99</b>	<b>1997-98</b>
<b>Total Basic Skills/Remedial</b>	\$136,402	\$129,527

In evaluating these same costs to comparable school districts, the team found that Delsea's 1998-99 expenditures are consistent with the average basic skills cost (\$136,701) of the three similar districts as illustrated below:

**Delsea Regional School District  
Comparison of Basic Skills Remedial Expenditures by District 1998-99**

<b>Delsea Regional</b>	<b>N. Burl. Co. Reg.</b>	<b>Central Regional</b>	<b>Gateway Regional</b>
\$136,402	\$207,486	\$76,965	\$125,651

Source: School district's 1998-99 Comprehensive Annual Financial Reports

In its efforts to enhance student performance, the district provides an after-school homework clinic program. This program is available to all students. It is offered Monday through Friday, and covers all subjects. The clinic is usually held in the media center, but can be split up into additional classes when attendance warrants. The homework clinic is a formal program established to help students comply with the district's policy of not accepting homework on a

late basis. The program is funded through the Title I grant. Teachers are paid at a rate of \$15 per hour for the after-school tutoring. As noted by the Title I coordinator, these classes are well attended by BSIP students.

For the upcoming 2000-01 school year, the district plans to implement changes in the BSIP program for 8<sup>th</sup> and 9<sup>th</sup> grade students for regular and basic skills math. The model, first introduced in the 1999-00 school year, combines a 90-minute block of instructional time with one teacher instructing the students in regular and basic skills math in one back to back session. The district believes that this will promote continuity and enhance the teacher-student relationship. If successful, the district will incorporate the same for reading/writing and language arts across the board.

The basic skills instruction program is available to all eligible non-public school students within the region (19 schools). However, district officials informed LGBR that, due to the administrative responsibilities associated with the implementation of the program, all have declined. It is the consensus among the non-public entities that the paperwork and record-keeping activities are not worth the effort.

The program is able to handle a 10% increase in BSIP students, if necessary, per the Title I Coordinator. Program costs have remained stable over the last two years and are in line with the average of comparable districts.

**LGBR commends the district for its efforts in developing new instructional methodologies for math, as described above, and for phasing in broad implementation based on proven success.**

### **Driver Education**

Delsea Regional High School provides driver education for approximately 350 students. The program, which provides one term, or 45 periods, of classroom instruction, is part of the physical education/health curriculum. Two teachers instruct about 15 sections of driver education throughout the school year.

The materials for this class include the New Jersey Driver's Manual, AAA Driver's educational materials, videos, and four computer simulators with supporting software. The technical simulators provide an opportunity for students to experience driving while safely seated behind the wheel of a computer. The simulators offer real-life driving situations providing students with valuable learning experiences. The computers are older district models that were refurbished by the PC repair and troubleshooting class. LGBR commends the district for incorporating multiple aspects of technology instruction in the classroom in such effective and efficient ways.

Upon successful completion of this class, which includes passing a written exam with a grade of 80% or higher, students become eligible for behind the wheel training. The district does not provide this training; instead, students contract with a private company.

### **Bilingual/ESL**

At the time of the review there were only two non-English speaking students enrolled in the district. Consequently, the district, is not required to have a full-time program of bilingual instruction. However, a board policy regarding bilingual education and English as a second language (ESL) is on file in the district as approved by the board on August 11, 1999. The policy provides for bilingual education and/or English as a second language programs “as required by law and the rules of the State Board of Education” and references N.J.S.A. 18A:35-15 et seq. The district, through a screening process, administers assessment and instruction for students entering the district in need of these services.

The district’s 1998-99 Comparative Annual Financial Report shows \$35,456 expended that year for bilingual education. This disbursement represents the pro-rated salary of a teacher whose primarily responsibility was for the basic skills computer lab. In addition to monitoring that program, the teacher’s schedule included providing required tutorial instruction to three non-English speaking students enrolled in the district at that time.

The review team commends the district for its practical approach in utilizing the half-time scheduling of a teacher to maintain both the functioning of the basic skills computer lab, as well as satisfying the requirements of the Bilingual/ESL program. The district was able to provide services to benefit both programs while minimizing additional employment costs.

### **Alternative Education**

The Delsea Regional Alternative School provides an alternative education program geared toward junior and senior high school students who are considered to be “at risk” of failing to complete their education in the regular school environment. The program is geared to students who are behind in their class in credits and class standing, and have a history of course failures, basic skills deficiencies, disruptive or disaffected behaviors, chronic lateness and absenteeism, and low self esteem. The program is non-punitive and is not limited to students with discipline and behavior issues alone. The program utilizes innovative methods for instruction while maintaining a low student to teacher ratio. Students are assisted in achieving the educational curriculum requirements necessary to satisfy both Delsea and the State Department of Education. The environment is designed to encourage an improved self-image, and the program provides students with life and career skills in an effort to prepare them for a productive social contribution.

The Delsea Regional Alternative School offers student support groups, individualized instruction in basic skills and other subjects, counseling, career exploration, HSPT preparation and testing, and a supportive staff, concerned with the development of positive personal relationships between teachers and students.

Guidance counselors, teachers, case managers, vice principals or parents refer individual students to the program. Alternatively, the student himself can request that he be considered for the program. Application to the program requires an interview with the administration and guidance director. Acceptance into the program and/or discussion of other options is the final step in the process. Although the program focuses on junior and senior high school students, younger students, as well as classified students, are also eligible for referral when necessary. All students

accepted into the program are re-evaluated at the end of each academic year. Referrals are made to outside intervention groups available within the community. These agencies can provide special programs and/or counseling to meet the needs of the district's diversified student population.

The program's classes are conducted Monday through Friday at the high school. They begin after the close of the regular school day, and run from 3:30 p.m. to 7:30 p.m. Class size is usually 10 students or less. The district provides transportation to and from classes for all students.

Alternative Education Program staff, who already hold other positions in the district, include:

- 1 teacher for each subject area (history, science, math, physical education, health);
- 2 English teachers;
- 4 teachers for electives (computer, home economics, vending machines, electronics, drafting);
- 1 counselor (for regular students);
- 1 case manager (for special education students);
- 1 administrator;
- 1 student awareness counselor (SAC);
- 1 career counselor (awards credits for working students where appropriate);
- 2 teacher aides; and
- 1 nurse.

The four-hour instructional period is set up in block scheduling. Credits are given for traditional learning activities and course work, as well as for alternative school experiences. In order to graduate, students must complete 110 credit hours and pass the HSPT or successfully complete the SRA. Grading is based on a numerical system. Students are issued weekly progress reports and have individual assistance available to them at all times. After successful completion of 110 credits and the HSPT or SRA process, Delsea Regional High School awards a diploma.

The program maintains a basic set of rules and regulations, a discipline code, and an attendance policy. According to statistics provided by the district for the 1998-99 school year, there were 34 students enrolled in the alternative education program throughout the year. Twenty of these students were seniors. Data available for the 1999-00 school year indicated that 84% of the eligible seniors graduated.

Funding is provided at the local level and is part of the standard education costs. There is an added cost for a dedicated bus route for the alternative school. Final comments made to the review team by the high school principal regarding this program were expressed as gratitude to the board and the community for their continued approval and support. The principal indicated that the program more than meets the needs of the district and its at risk students.

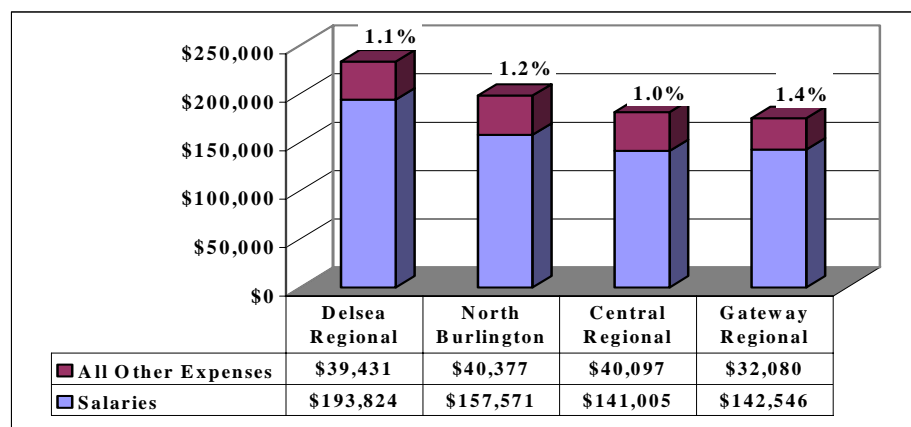
**In the establishment of the Delsea Regional Alternative School, the LGBR team recognizes and commends the strong commitment made by this community, the board, and the administration, to the at risk student population.**

**By utilizing its own resources the district has saved tuition money and transportation costs for many of these students, who would otherwise have to be sent out of district.**

### **Media Services**

The following chart illustrates media services/school library expenditures for Delsea and the three comparison districts, and includes the percentage of the general fund expenditures and per pupil cost for each district. Although the Delsea Regional School District's 1998-99 media services expenditures were the highest of the four districts, the percent of the expenditure of the general fund is the second lowest, as is the cost per pupil. While the salary component is the highest, the percentages of salaries to the total expenditure are within a narrow range. The Delsea Regional School librarians are highly experienced and have been with the district for many years.

**1998-99 Media Services/School Library Expenses Including  
The Respective Percent of General Fund Expenditures and Cost per Pupil**



Percent of Salaries to Total Expense	83%	80%	78%	82%
Cost per pupil	\$111	\$126	\$95	\$162

Source: 1998-99 Comprehensive Annual Financial Report

Both Delsea Regional schools contain a library. Each library has an automated circulation and cataloging system. The middle school library is staffed by one full-time librarian and is basically open during school hours. Two full-time librarians staff the high school library, which provides extended hours beyond the regular school day. The high school library is open after school on Mondays and Wednesdays until 3:30 p.m., and Tuesday and Thursday evenings from 5:00 to 7:00 p.m. During the evening hours, the library is open to the community as a non-lending resource. Both facilities were visited, and are clean, well lighted, provide adequate space and appear to serve the respective student populations well.

The staffing guidelines described in the New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends a librarian-to-student ratio of 1:337 at the middle school and 1:450 at the high school level. Delsea Regional schools maintain a 1:640 ratio at the middle school and a 1:580 ratio at the high school. The integration of technology into library services, such as circulation, cataloging, and information retrieval has

greatly enhanced the efficiency of the librarians and of the library itself. The district is commended for its degree of technical support in the libraries.

As stated previously, both libraries operate an automated circulation and cataloging system. Automation greatly facilitates locating on-line and hard copy resources, circulating library materials, and producing an annual inventory. In addition to protecting against losses, an inventory assists the librarian to identify various needs of the collection. The district purchases library materials through the central office using a vendor that offers discounts and in-house processing, such as bar coding and electronic mark record. Not only does this minimize the time librarians spend on administrative functions, but it also allows for timely shelf placement of materials.

The middle school library has an annual budget of approximately \$10,000. The facility accommodates one class at a time and contains 12 computers. Its collection consists of about 6,000 volumes. Each September, the librarian offers an orientation to all 7<sup>th</sup> graders. Students can access the library anytime with a pass from a classroom teacher. Students check out materials by using their student identification card or their last name. Books are checked out for ten school days.

The high school library operates on a budget of approximately \$15,000. The facility accommodates two classes at a time and contains eighteen computers. The high school library also houses a word processing lab containing 12 computers, a professional/development lab for staff that has four additional computers, a distance learning lab, a periodicals room, and a career/college information center. The library contains a collection of approximately 11,000 volumes. Each September, the librarians provide an orientation for all 9<sup>th</sup> graders. At both schools, teachers can reserve the library for their classes by using e-mail or a sign-up sheet located in the library.

The district librarians are commended for developing and maintaining a strong relationship with the municipal librarian. The district libraries provide a link to the municipal library website. It is expected that, in the near future, students will be able to check out materials from remote locations on line. The district and municipal librarians meet twice during the year. These meetings serve, in part, to inform the municipal librarian of various assigned projects during the course of the school year. In addition, the municipal and school librarians have collaborated to provide a weekly evening story hour for young children. Students from Delsea Regional schools perform readings or a dramatization and an activity. The municipal library is a proven asset to the school district.

The district participates in the South Jersey Cooperative Regional Library (SJCRL). The SJCRL is part of the New Jersey Library Network that links over 2,500 libraries statewide and provides a variety of services such as a bank of information, extensive training, and discounts for purchasing. In addition, the district is a member of the Gloucester County audiovisual alliance, which provides convenient access to an extensive library of videotapes.

## **Guidance**

The guidance program for the Delsea Regional School District is under the direction of the supervisor of student personnel services/college and career initiatives. This supervisor reports to

the assistant superintendent and the middle and high school building principals. She also supervises the business, family and consumer science and industrial arts programs.

Aside from the supervisor, staffing for this program consists of: four high school counselors who maintain alphabetical case loads of approximately 230 students; two middle school counselors with case loads of just over 300 students each; two clericals, both located in the high school; and one para-professional who functions as a technology specialist. (Clerical functions for the middle school counselors are performed by the clericals in that school's main office.) This school system has a student aide program, whereby, five or six students provide school office services such as filing, collating, delivering materials, etc. The students receive pay for services performed after school and/or during the summer. Counseling services for special education students are provided by members of the child study team (CST).

The NJ Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends the following ratios of counselors to students based upon grade level:

high school	-	1:225
middle school	-	1:338

Delsea's guidance counselor-student ratios are basically in line with these recommendations.

The district employs one full-time student assistance counselor (SAC) for the high school and one part-time SAC for the middle school. These counselors interact with the guidance counselors and report to their respective building principals.

Staff meetings are held monthly or bi-monthly with all guidance counselors present, when appropriate. The guidance counselors also take part in At Risk committee meetings as well as Core Team meetings. The At Risk meetings usually focus on student academic problems, while Core Team meetings are more commonly related to drug and alcohol problems.

This office has state-of-the-art technology for the guidance program and staff members are computer literate. The existing on-line system was purchased by the district one year ago and is entitled "Power School". It is a teacher driven system and allows for parental access, where appropriate. In the Guidance Resource Center of the high school media center, there is extensive software available for student use regarding career and college information, e.g., Career Information Delivery System (C.I.D.S.), ExPAN/The College Board, etc.

Most of the high school counselors spend their time performing the following functions:

- assisting students with college searches and selection;
- providing individual and small group counseling for specific issues;
- interacting with students' parents; and
- providing career counseling.

Aside from the above routine guidance services, additional functions include the following:

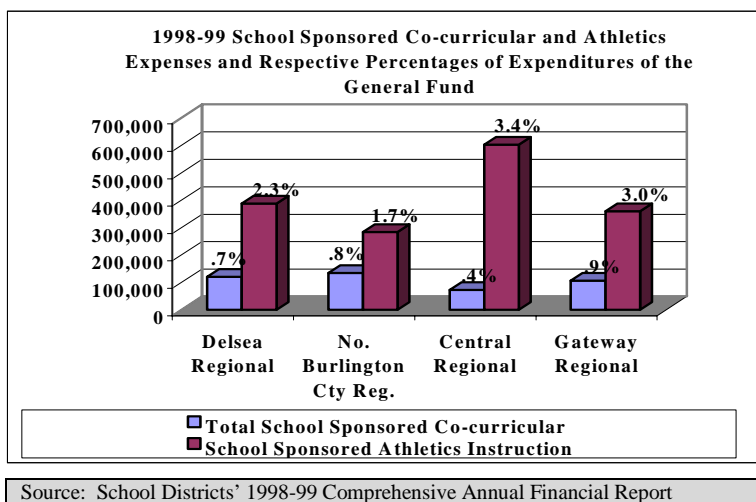
- addressing student scheduling related issues;

- production of high school profiles, school report card data and school publications;
- maintenance of the student database;
- distribution, collection and review of standardized testing;
- making presentations;
- attending meetings;
- drafting correspondence; and
- coordinating student scholarships.

Guidance office services and operations appear to be running smoothly and staff members are expected to become more and more sophisticated over time in working with the relatively new technology and software being used by the guidance department.

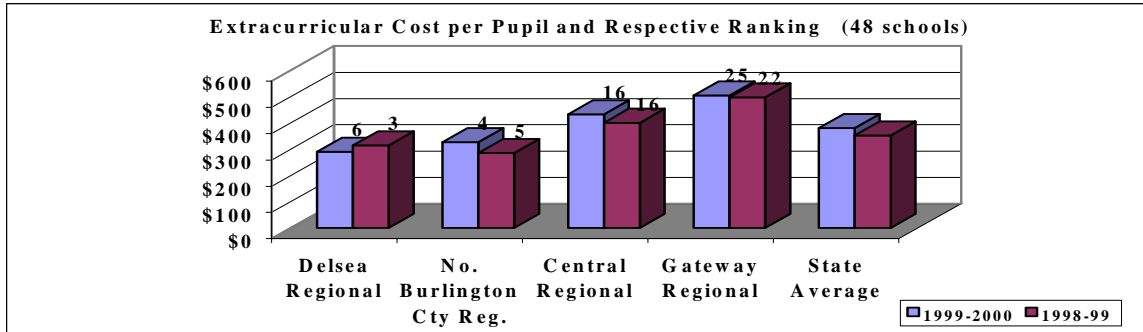
### **Athletics and Extracurricular Activities**

The Delsea Regional School District spent approximately .7% of its 1998-99 school budget on school sponsored co-curricular activities and 2.3% on school sponsored athletics. When comparing these percentages of Delsea's expenditures to the other similar districts, both categories are second from the lowest.



The chart below shows the extracurricular cost per pupil and its respective ranking as stated in the New Jersey Department of Education's Comparative Spending Guide. Out of 48 New Jersey school systems of operating type 7-12/9-12, Delsea is ranked sixth (low cost to high cost) and is well below the State average. In the three years between 1997-00, the extracurricular per pupil cost has decreased by about 15%.





Source: New Jersey Department of Education Comparative Spending Guide March, 2000

## Athletics

One full-time athletic director supervises district athletics. He is an 11-month employee and is responsible for coordination of the programs, equipment, schedules, and transportation for away events. The athletic director also supervises all coaches, physical education and health teachers in the district, and monitors and evaluates all athletic programs. The athletic director does not have any clerical staff. A staff member, whose daily duty period is to assist the director, and a student volunteer, who works for one period daily, supports the athletic director. If necessary, the athletic director is able to request assistance from clerical staff in the principal's office. Additional support is provided at the middle school with the designation of a physical education teacher as a site manager during the basketball season.

The district contracts for a full-time athletic trainer, whose primary functions include assisting coaches with conditioning and injury prevention, first aid and injury rehabilitation. For these services, the district paid \$22,250 in 1998-99.

Coaching positions include 45 coaches and 20 approved volunteers who assist on an as-needed basis. Staff members hold about 90% of these coaching positions with the rest held by adjunct coaches from out of the district. All coaches and volunteers must be at least county certified to substitute teach.

Using the state summary data from the NJEA Salaries and Salary Guides, average stipends for Delsea's athletic activities appear to be comparable to the similar districts and to the state averages for the same general types of activities.

At all home athletic events, an administrator, the athletic director, and the trainer are present. Police officers are hired to provide security. In addition, two to three administrators volunteer and an assistant coach is hired to assist with supervision. One to four staff members are paid a stipend to assist with ticket sales and admissions.

Emergency medical forms are updated and maintained using computer technology. The coach holds hard copy emergency forms at all times. These forms are always accessible to the director and trainer. The district provides two walkie-talkies for communication between coaches and supervisors. In addition, three golf carts are available to the athletic department after school and on weekends. One of these carts is equipped with a lightning detector. The maintenance department utilizes these carts during the school day.

The high school athletic program consists of 17 interscholastic sports made up of 39 teams. Most of the sports are broken down into varsity, junior varsity, and freshman levels, as well as girls and boys teams, where appropriate.

High school participants in all sports for 1999-00 totaled 591. Many of these students participate in two or three sports. The most accurate percentage of students participating in athletics is reflected during the fall season. The total number of students participating in a fall sport for 1999 was 270, which is 53% of the total high school enrollment.

The middle school program consists of eight interscholastic and five intramural sports. During the 1999-00 school year, about 301 students or 47% of the total middle school enrollment participated in one or more sports.

Transportation services are provided by the school district and coordinated through the athletic and transportation directors.

Generally, each sport has its own Booster Club. These clubs help to sponsor fund raising to support a sports banquet and awards.

### **Extracurricular Activities**

The Delsea Regional School District offers a wide array of extracurricular activities in both the high school and the middle school, such as student council, art, astronomy, debate, machine repair, photography, and yearbook. Teachers who sponsor these activities receive stipends ranging from approximately \$280 to \$5,525. Delsea's average stipends for non-athletic activities generally compare favorably to the average range within New Jersey for similar districts, as listed in the summary data of the NJEA Salaries and Salary Guides.

Interest in forming a new club can be initiated by either students or faculty. An advisor agrees to supervise the activity for a period of one to two years in order to evaluate student participation. Advisors also communicate informally regarding student interest and participation levels in each activity or club.

Overall, the district should be commended for containing costs associated with its athletics program and co-curricular activities while maintaining an assortment of offerings for its students.

### **Adult Community Education**

Through the Delsea Regional Adult Community School, the district offers adult enrichment classes to residents of Franklin and Elk Townships, as well as to non-residents. Classes are also extended to children in the summer months of June and July and during the school year. The program, started in 1997-98, is scheduled for its third year of operation in 2000-01 as a result of enrollment figures and attendance, especially among senior citizens.

A sampling of course offerings include:

Corel Desktop Publishing  
Introduction to the Computer Using Windows '95

Internet Basic  
Introduction to Computer Level II  
Easy Algebra – A Fun Way to Solve Equations  
Refresher Math  
Beginner's Tennis  
Beginning Guitar  
A Woman's Place  
Floral Designing  
Keep Your Win95 PC Running Smoothly  
Weightlifting and Cardio Training  
Systematic Training for Effective Parenting  
Photo Scrapbooking Class  
How to Buy a Computer

Each subsequent semester brings course changes and additions to the program, offering participants a diverse selection of instruction in computers, health and fitness, and leisure activities.

Unless otherwise quoted in the Delsea Regional Adult Community School pamphlet, the cost of each course or workshop to Franklin and Elk Township residents is \$30. Non-residents are charged \$60 per class. Senior citizens pay a discounted fee of only \$15. Employees of the district may attend free of charge when seats are available in courses that are not full. Some courses are free to all registrants (e.g., "Systematic Training for Effective Parenting"). Certificates are issued upon completion of all workshops.

Spring of 1998 was the first semester of this program's operation generating \$9,348 in revenue with expenditures of \$8,032, yielding a net profit of \$1,316. In the 1998-99 school year, revenue totaled \$11,784 and expenditures \$14,537, for a net loss of \$2,753. In the 1999-00 school year, revenues were \$8,680 and expenditures \$13,543, for a net loss of \$4,863. The district's high costs for advertising, the printing and graphics associated with the flyer, postage required for community-wide mailings, and the unanticipated charges for course materials and craft supplies, attributed to the deficits. In 1998-99 and 1999-00, advertising cost the district \$2,919 and \$5,368, respectively. In 1997-98, advertising for the community school was done as part of the banner, a regularly scheduled district-wide mailing, with no charge to the program. Due to the popularity of the program within the community, the district has begun implementing cost-cutting measures in an effort to break even and ensure the program's continuation.

Upon initial review of the financial records for the adult community education program, the team found that various revenues and expenditures were charged incorrectly in the 1997-98 school year. In error, the 1997-98 and 1998-99 expenditures were charged to the subsequent year's budget. The district has since corrected all account entries.

The chart below illustrates the financial position of the program since it began in fiscal year 1998:

**Adult Community Education Program  
Revenue/Expenses Comparison**

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>
<b>Revenue</b>	\$9,348.00	\$11,784.00	\$8,680.00
<b>Expenses</b>	\$8,032.00	\$14,537.00	13,543.00
<b>Profit/Loss</b>	\$1,316.00	(\$2,753.00)	(\$4,863.00)

Source: District Budget Summary for FYs 1998, 1999, and 2000

The team commends the district in its efforts to reach out to the community. The district has received a positive, community-wide response to the program, especially from the senior citizen population. The courses offered are practical, useful, informative, and often conducive to the individual well being of the recipient.

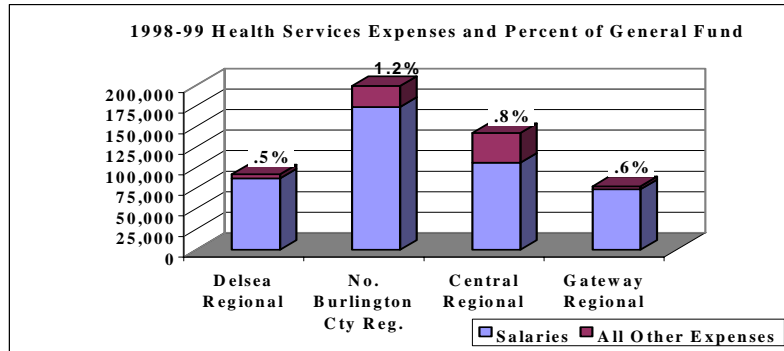
**Recommendations:**

Since the district has incurred a negative fiscal impact, the LGBR team recommends that costs relevant to its operation be carefully monitored to meet its goal of maintaining a break-even position. It is recommended that the district explore the possibility of using in-house graphic and printing resources, as available, to produce the pamphlet used to advertise course offerings. The advertising, printing, and postage costs associated with the community-wide distribution of this flyer represent the bulk of the program expenditures.

Additionally, LGBR recommends that the district consider increasing the tuition, and/or charging an additional fee for courses or workshops requiring costly class materials. The resulting revenue, which will depend upon the number of participants and any cost increases implemented by the district, should help lessen the financial burden to the district.

**Health Services**

The following chart shows that, when viewed with the comparison districts, Delsea expends one of the lowest dollar amounts for health services and has the lowest per-pupil health services costs. Furthermore, of the four districts, Delsea expends the lowest percentage of its general fund to provide these services. The 1998-99 numbers reflect a 40% decrease in Delsea's expenditures over the preceding three-year period.



Source: Delsea Regional Schools CAFR 1999

<b>Health Services</b>	<b>\$53</b>	<b>\$127</b>	<b>\$75</b>	<b>\$72</b>
<b>Cost per pupil</b>				

Each school contains a nurse's station staffed with one full-time certified school nurse who reports to the building principal. The teachers' manual, which is available on-line, provides procedures for emergency treatment. The nurses' primary functions include: providing student assistance (e.g., first aid or medical checks); administering individual medications; and performing physical screenings (e.g., vision and hearing). Also, both nurses are members of the district's core team. This team meets regularly to evaluate students who are regarded as "at risk" due to substance abuse related issues. The nurses provide the medical information necessary for a complete evaluation. The nurses are not assigned clerical assistance. However, with the aid of a computer workstation, they update and maintain all student records.

The district nurses are a valuable asset to the district and possess additional training and certifications. The nurses indicated an interest in providing in-service training to other district staff in areas such as CPR and other procedures.

The New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends a nurse-to-student ratio of 1:675 at the middle school level and 1:450 at the high school level. The 1:646 staffing level at the middle school is well within this guideline. The high school could staff one additional nurse.

One substitute nurse is available to the district. In an emergency, both nurses are able to cover for each other. The athletic trainer, who is certified as an emergency medical technician (EMT), is also available to assist the nurses in an emergency.

The district maintains an annually renewable contract with one physician to provide medical services. He has been with Delsea for many years. For his services, he receives \$24,000 plus benefits. Although the contract with the school physician does not delineate duties and responsibilities, it was reported that the physician performs physical examinations for the staff, for 8<sup>th</sup> and 10<sup>th</sup> grade students, for students being evaluated by the child study team (CST), and for all athletes. He also administers the hepatitis B vaccination to all staff. In addition, the school physician is present at all football games.

## **Recommendations:**

- 1. LGBR recommends that the district and the school physician consider whether they wish to modify their agreement so as to specify the responsibilities and duties of each.**
- 2. It is recommended that the district discontinue making professional service contract payments through the payroll system. By paying the physician as a third party vendor, the district will eliminate expenditures for benefits and the employer's share of social security and Medicare. The cost of benefits for this position is approximately \$1,835 annually; district social security and Medicare payments amounted to 7.6% of salary, or approximately \$1,458 in 1998-99.**

**Cost Savings: \$3,294**

## **BUSINESS OFFICE OPERATION**

### **Organizational Structure/Staffing**

The business and the administrative offices are located in the district's middle school building. The business administrator has been employed in the district since 1993.

At the time of this review, the business office consisted of two bookkeepers, an accounts payable clerk, and a secretary who report to the business administrator. The bookkeepers are primarily responsible for the accounting responsibilities and payroll. The accounts payable clerk is responsible for preparation of purchase orders, along with administering petty cash, student activity, and athletic accounts. The secretary is responsible for all correspondence, agendas, minutes, contracts, and employee personnel records. The business office salaries for the 1997-98, 1998-99, and 1999-00 school years totaled \$145,842, \$163,542, and \$172,300, respectively.

The business office staff members are contracted to work eight hours per day. The hours are staggered, some working from 7:30 a.m. to 3:30 p.m. and others working from 8:00 a.m. to 4:00 p.m., including a half-hour for lunch. The district does not have abbreviated summer hours.

Information regarding the business office contracted benefits is covered in the contracts, insurance and negotiations sections of this report.

### **Office Technology**

The district pays a licensing fee and receives support from Gloucester County Special Services School District (GCSSSD) for computer software, at a cost of \$6,192. The cost includes modules for budget and accounting, payroll, personnel, and the payroll agency account. At the time of the review the district also added a module to record fixed assets. The information in the personnel module is capable of being integrated into the payroll system. The business office staff chose not to use the integration capabilities to transfer salary information into the payroll system. Instead, the salaries are entered directly into the payroll module resulting in duplication of work. It is difficult to cost out the time spent manually entering this information each year. However, the time could be better utilized doing other tasks. In reviewing the system, the computer program is efficient and the staff is competent in its use.

**Recommendation:**

**LGBR recommends that the district utilize the computerized personnel module more extensively to integrate essential information into the payroll module.**

**Staff Training**

The staff is familiar with various Word and spreadsheet programs. Personnel are trained by the district's teaching staff and by the local community college. The community college provides this service at no charge, in exchange for the use of the district's classroom space. The review team encourages ongoing training for the business office personnel.

**Payroll**

The payroll is done in-house using software from GCSSSD as described above. The district's payroll is prepared every two weeks. The district employs approximately 270 regular employees, as well as numerous substitutes and hourly employees. Hourly employees submit time cards to their supervisors. The cards and summary of hours are submitted to the payroll bookkeeper for review and processing. Overtime costs for custodians are charged to a sub-account. All other overtime is posted as extra compensation. It would be beneficial to isolate overtime and extra pay information for budgeting projections.

**Cross Training of Personnel Duties**

The two bookkeepers are trained to perform all accounting responsibilities. Personnel are available to perform payroll tasks in the bookkeeper's absence. However, it would be advisable to have written procedures to refer to when needed for the accounting and payroll responsibilities.

**Policy and Procedure Manuals**

Business office policy and procedure manuals provide general information about specific operations and minimize the uncertainty of transition when personnel changes occur. As part of the business office review, LGBR reviewed the policy manual. An outside consultant provides the district with a computer program that enables the district to view updated policies. In addition, the consultant provides the district with recommended policy updates during the year on diskette, as well as, hard copies. The board policy committee meets several times a year to update and write new policies for board approval. The policy consultant cost for the 1998-99 school year was \$2,200.

GCSSSD provides a general procedure manual for each of its computerized modules. However, the business office does not have an internal procedure manual. A detailed office procedure manual describing the responsibilities of each task, i.e., payroll and accounts payable, would be beneficial to new, as well as, all experienced employees in the business office.

### **Recommendation:**

**It is recommended that a procedure manual be developed detailing the duties and responsibilities of each of the business office staff positions. Upon completion, the manual should be made available to each employee. Procedures should be reviewed and updated periodically.**

### **Job Descriptions**

Job descriptions list the responsibilities of each district position. As new positions are created or revised, these descriptions should be updated. The team reviewed the job descriptions on file. A number of job descriptions are being updated and retyped for the manual. The job descriptions are not dated, making it impossible to know how current they are unless the minutes are reviewed. Also, the manual had many obsolete job descriptions filed among the updated descriptions. The district does make use of the sample job descriptions on the New Jersey School Boards Association website, [www.njsba.org](http://www.njsba.org).

### **Recommendation:**

**It is recommended that the district date job descriptions whenever they are revised and/or approved. Obsolete descriptions should be removed from the job description manual.**

### **Cash Management**

During 1999-00, the district maintained various types of checking accounts, savings accounts, and certificates of deposit for the administration and investment of funds as listed in the table below. All monies were deposited with one bank.

<b>Delsea Regional School District</b>				
<b>1999-00 List of Accounts</b>				
			<b>Average</b>	<b>Interest</b>
<b>Type</b>	<b>Rate</b>	<b>Account #</b>	<b>Balance</b>	<b>Earned</b>
General Fund	2.50%	1080647	\$697,207	\$17,427
Current Fund	0.00%	1901958	\$351,928	\$0
Petty Cash Checking	0.00%	1901982	\$2,083	\$0
Athletic Fund	0.00%	1901453	\$11,307	\$0
Payroll	0.00%	1902006	\$84,555	\$0
Payroll Agency	0.00%	1901990	\$128,173	\$0
<b>Total General Fund</b>			<b>\$1,275,253</b>	<b>\$17,427</b>
Capital Projects (Bid Bond Account)	2.50%	6459184	\$9,586	\$235
<b>Total Capital Projects Fund</b>			<b>\$9,586</b>	<b>\$235</b>
Sinking Fund	2.50%	1080670	\$34,693	\$942
Asbestos Bond Account	0.00%	1753433	\$1,706	\$0
<b>Total Debt Service Fund</b>			<b>\$36,400</b>	<b>\$942</b>
<b>Enterprise Fund (Cafeteria)</b>	2.07%	1902014	<b>\$23,861</b>	<b>\$500</b>
Trust & Agency (Unemployment)	2.50%	1080662	\$49,262	\$1,847
<b>Total Trust &amp; Agency Fund</b>			<b>\$49,262</b>	<b>\$1,847</b>



The district maintained six checking accounts for the administration of the general and special revenue funds. They are the general fund, current fund, petty cash account, athletic fund, payroll account, and payroll agency account. Only one of those accounts, the general fund, earned interest and the rate was 2.50%. Average monthly balances for that account were \$697,207. The other five accounts, which had average monthly balances totaling \$578,046, earned no interest. There was also one interest-bearing account each for the capital projects fund, debt service fund, enterprise fund, and trust and agency funds. Service charges on all accounts were waived.

In order to evaluate a district's banking services and pricing, it is necessary to examine the interest rates, average balances available for investment, and service charges waived. Discussions with the business administrator and the district's banking representative disclosed that detailed account analysis statements containing this information were not provided to the district as a banking service, and were not available from the bank at the time of this review. Information regarding average collected balances was available for all of the accounts except the athletic fund, which was calculated using month-end averages. Interest rates and average balances are included in the preceding table.

Although the district's bank waived all service charges, they are an important component of our account analysis. To estimate the cost of fees waived, average monthly service charges had to be manually calculated and were based only on activity in the largest volume accounts, the current fund and the payroll account. Total monthly service charges for all accounts would be somewhat higher. Calculations were performed separately for each month, but are shown as yearly averages in the accompanying tables. Our estimation of average monthly service charges is contained in the table below.

<b>Average Monthly Services Charges</b>	
Monthly Account Maintenance - 11 Accounts at \$12.00	\$132.00
Check Sorting Fees - 2 per Month at \$10.00	\$20.00
679 Payroll Checks per Month at \$.20/Check	\$135.75
Average of 8 Current Fund Incoming Wires at \$10.00/Wire	\$83.33
203 Current Fund Checks at \$.20/Check	\$40.62
	<b>\$411.70</b>

All banks process interest and service charges differently. Ultimately, a district's goal is to maximize the net interest remaining after the deductions for service charges. Most banks use a system of account analysis that allows for an earnings credit and requires compensating balances. These balances, on which the bank does not pay interest, compensate it for any services charges waived. Most banks also reserve 10% of all collected funds for which it does not pay interest. Interest rates, earnings credits, compensating balances, and individual charges for services are all negotiable. Although the district's bank waives all service charges, and does not require a 10% reserve, its interest rate was not as high as some that were available, and it did not pay interest on all available accounts. The table below compares the pricing on the district's banking services for 1999-00, with favorable scenarios for all of the factors mentioned above.

<b>Account Analysis</b>		
<b>Category</b>	<b>Other Banks</b>	<b>District's Bank</b>
Average Collected Balance	\$1,474,938	\$814,609
10% Reserve Requirement	\$147,494	\$0
Average Book Balance	\$1,327,445	\$814,609
Monthly Service Charges (Approx.)	\$412	\$0
Compensating Balance Calculated at T-Bill Rate	\$91,448	\$0
Net Available Balance (Investible)	\$1,235,996	\$814,609
Interest Rate (Other Banks at T-Bill Rate)	5.28%	2.50%
Potential Interest Earnings	\$65,270.90	\$20,365.23

Line 1 compares average collected balances. In the case of the district's bank, it includes only those balances earning interest: the general fund account; the capital projects account; the sinking fund; the enterprise fund; and the trust and agency fund. In the case of "other banks," it encompasses all balances available for investment, including: the current fund; petty cash checking; athletic fund; payroll and payroll agency accounts; asbestos bond account; and the student organizations account. Through account sweeps or the aggregation of balances, the district could have maximized its average collected balances. Lines 2 through 6 disclose that, although the district's bank did not require a reserve or compensating balances, investible balances still would have been much higher if all accounts had been aggregated. This is an optimum scenario. Not all banks will be willing to pay interest on all available funds; if they did, the required compensating balances might be higher. Again, all of these factors are negotiable. The interest rate in our example was calculated at the average T-Bill rate for the year 1999-00. At that rate the district could have earned almost \$45,000 in additional interest. Even at the less favorable rates of 4% to 5% the district could have earned an additional \$29,000 to \$41,000.

### **Recommendation:**

**The district should request proposals for available banking services and pricing. Proposals should set forth detailed account analyses specifying the accounts which can be aggregated or swept, compensating balances, interest and earnings credit rates, and prices for individual services (e.g., checks paid, wire transfers, account maintenance). The bid specifications should require that summaries of this information, including calculations of all interest and service charges, be provided to the district on a monthly basis.**

**Revenue Enhancement: \$29,000 - \$45,000**

From time to time during the year, when excess funds were not immediately needed, the district invested in certificates of deposits. These investments generally offer higher interest rates and are not subject to reserve requirements, but they do require investing for specific periods of time. There are, however, alternatives to certificates of deposit. The New Jersey Cash Management Fund (NJCMF) and other funds like it offer more flexibility and liquidity. Excess funds may be invested without fixed terms and redeemed via wire transfer within 24 hours. In addition, during 1999-00 NJCMF offered higher rates than those CDs purchased by the district. The table below compares the district's CD investments with NJCMF.

**Delsea Regional School District CD's 1999-00**

<b>CD#</b>	<b>Principal</b>	<b>Date</b>	<b>Redeemed</b>	<b>Days</b>	<b>Bank Rate</b>	<b>Interest Posted</b>	<b>CMF Rate</b>	<b>CMF Interest</b>
------------	------------------	-------------	-----------------	-------------	------------------	------------------------	-----------------	---------------------

**General Fund**

31691	\$200,000	9/15/99	11/15/99	61	4.90%	\$1,636.97	5.09%	\$1,701.32
35205	\$400,000	10/5/99	11/5/99	31	4.90%	\$1,664.65	5.18%	\$1,759.78
35216	\$300,000	11/5/99	12/9/99	34	5.00%	\$1,397.26	5.26%	\$1,469.92
35272	\$400,000	11/29/99	3/29/00	121	5.25%	\$6,947.80	5.26%	\$6,974.90
31754	\$500,000	4/3/00	6/15/00	73	5.75%	\$5,754.98	5.89%	\$5,890.00
31840	\$800,000	6/15/00	6/30/00	15	5.75%	\$1,890.41	6.08%	\$1,998.90
						<b>\$19,292.07</b>		<b>\$19,794.82</b>

**Capital Projects Fund**

32440	\$40,000	7/1/99	7/13/99	12	4.50%	\$66.96	4.85%	\$63.78
32440	\$40,000	7/13/99	8/14/99	32	4.50%	\$157.80	4.85%	\$170.08
32440	\$40,000	8/14/99	9/15/99	32	4.50%	\$157.80	4.96%	\$173.94
32440	\$40,000	9/15/99	10/18/99	33	4.50%	\$162.73	5.09%	\$184.08
32440	\$40,000	10/18/99	11/17/99	30	4.50%	\$147.94	5.18%	\$170.30
						<b>\$693.23</b>		<b>\$762.18</b>

**Unemployment Trust Fund**

31751	\$90,000	3/29/00	6/30/00	93	5.75%	<b>\$1,318.56</b>	5.75%	<b>\$1,318.56</b>
-------	----------	---------	---------	----	-------	-------------------	-------	-------------------

**Recommendation:**

When investing excess funds the district should seek an investment vehicle that offers flexibility and liquidity while maximizing interest. To this end, LGBR recommends that the district explore alternate investment vehicles, such as the New Jersey Cash Management Fund.

**Revenue Enhancement: \$572**

**Student Organizations Accounts**

In addition to the daily business operating accounts discussed previously, the district maintained 17 different accounts for the various student organizations, class accounts, and scholarship funds, as listed below.

	<b>Rate</b>	<b>Account #</b>	<b>Average Balance</b>
Student Organizations (Checking)	0.00%	1901479	\$80,577
Students Organizations (Savings)	3.10%	18121881	\$6,611
Student Organizations CDs	5.25%	30364	\$50,000
Class Account Savings	3.10%	Various	\$3,391
Class Account CDs	5.05%-7.89%	Various	\$7,558
Scholarship Savings	3.10%	Various	\$318
Scholarship CDs	6.75%-7.75%	Various	\$64,406
<b>Total Student Organizations Accounts</b>			<b>\$212,861</b>

The student organizations checking account is used to administer co-curricular activities such as class organizations, student government associations, and special interest or service clubs. These funds are entrusted to the activities fund clerk in the board of education office, who is responsible for their proper accounting. A ledger account is maintained listing each organization and its corresponding balance within the account. The district received no interest on this account, which had average balances of approximately \$80,000. Excess funds are invested in savings accounts or CDs. As recommended previously, these funds could be aggregated with total district funds to maximize interest. The board of education subsidizes the general student organizations fund, or selected organizations, if the need arises. Funds left unspent upon graduation of a class or termination of an organization revert back to the general student organizations fund after a period of five years. In addition, the district maintains separate savings accounts and CDs for the graduating classes and for several scholarship funds.

### **Budget, Surplus, and Growth Limitation Adjustments**

The Department of Education's March, 2000 Comparative Spending Guide publishes data comparing budgeted to actual fund balances and excess surplus. Indicator 20 shows that for 1997-98, the district budgeted to use \$1,900,000 of its general fund surplus, but actually used only \$1,490,729. In 1998-99, they budgeted to use \$500,00, but actually generated an additional \$456,827 in surplus. Indicator 21 shows that the district had actual unreserved general fund balances totaling \$1,846,111 in 97-98, \$355,154 in 98-99, and \$779,411 in 99-00; each in excess of the 6% maximum as explained below.

N.J.S.A. 18A:7F requires that unreserved general fund balance (surplus) in excess of the established statutory limitation (generally 6% of the prior year budget) must be appropriated in the next budget for tax relief purposes. For the last three budget years 1998-99, 1999-00, and 2000-01 the Delsea Regional School District has had excess surplus from the previous year which it has had to appropriate to the current budget. Table 1 combines the recapitulation of balances sections from the last three budgets, showing the amounts of excess fund balance, how much of that fund balance was appropriated to the following year, and the amount of those appropriations that went unused. For 1998-99, the district was required to appropriate fund balances of at least the amount of excess surplus, or \$329,189. The district appropriated \$500,000. For 1999-00, it was estimated that the district would not spend all of its appropriated funds, and would be required to appropriate excess surplus of at least \$491,173. The district appropriated \$1,040,835. Again, for 2000-01, it was estimated that the district would not spend all of its appropriated funds, and would be required to appropriate excess surplus of \$245,789. The district appropriated \$700,000.

**Table 1**  
**Delsea Regional School District**  
**Recapitulation of Balances**

<b>Budget Year</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>
1) Unreserved Fund Balance 7/1 Prior Year	\$2,777,704	\$1,286,975	\$1,743,802
2) Amount Appropriated to Current Year	-\$1,900,000	-\$500,000	-\$1,040,835
3) Estimated Unused during Current Year	+\$400,000	+\$700,000	+\$600,000
4) Projected Year-End Fund Balance	\$1,277,704	\$1,486,975	\$1,302,967
5) Current Year General Fund Appropriations	\$15,808,584	\$16,596,696	\$17,619,628
6) Allowable Fund Balance (6% of above)	\$948,515	\$995,802	\$1,057,178
7) Excess Surplus	\$329,189	\$491,173	\$245,789
8) Amount Appropriated to Following Year	\$500,000	\$1,040,835	\$700,000

Source: School District Budget Statements

Although the district appropriated excess surplus to the budgets for the years 1998-99 through 2000-01, significant amounts of those appropriations went unused. This occurred because, in each of the last three years, revenues were under-budgeted and expenditures were over-budgeted. Consequently, the district's year-end fund balance repeatedly mounted in excess of the 6% maximum.

Table 2 below shows budgeted and actual general fund revenues, expenditures, and fund balances for the last three audited years and identifies where the budget variances occurred. For the purpose of determining true variances from total budgeted revenues and expenditures, TPAF Pension and social security contributions are removed from the calculations. These items were not budgeted for those years and revenues and expenditures were a wash.

<b>Table 2</b>									
<b>Delsea Regional</b>									
<b>General Fund Revenues, Expenditures, and Fund Balances</b>									
	<b>1996-97</b>			<b>1997-98</b>			<b>1998-99</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	\$14,121,530	\$15,087,838	\$966,308	\$13,908,584	\$14,642,614	\$734,030	\$16,096,696	\$17,637,069	\$1,540,373
TPAF SS & Pension Contrib.	\$0	\$823,057	\$823,057	\$0	\$713,160	\$713,160	\$0	\$1,062,917	\$1,062,917
Revenues Net of TPAF Contrib.	\$14,121,530	\$14,264,781	\$143,251	\$13,908,584	\$13,929,454	\$20,870	\$16,096,696	\$16,574,152	\$477,456
Expenditures	\$16,541,617	\$16,349,612	(\$192,005)	\$15,941,445	\$16,243,511	\$302,066	\$16,619,389	\$17,136,096	\$516,707
TPAF SS & Pension Contrib.	\$0	\$823,057	\$823,057	\$0	\$713,160	\$713,160	\$0	\$1,062,917	\$1,062,917
Expend. Net of TPAF Contrib.	\$16,541,617	\$15,526,555	(\$1,015,062)	\$15,941,445	\$15,530,351	(\$411,094)	\$16,619,389	\$16,073,179	(\$546,210)
Other Financing Sources (Uses)	\$0	\$6,549	\$6,549	\$0	\$0	\$0	\$0	\$0	\$0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$2,420,087)	(\$1,255,225)	\$1,164,862	(\$2,032,861)	(\$1,600,897)	\$431,964	(\$522,693)	\$500,973	\$1,023,666
Fund Balance July 1	\$4,165,790	\$4,165,790	\$0	\$2,910,565	\$2,910,565	\$0	\$1,309,668	\$1,309,668	\$0
Fund Balance June 30	\$1,745,703	\$2,910,565	\$1,164,862	\$877,704	\$1,309,668	\$431,964	\$786,975	\$1,810,641	\$1,023,666
% Variance Budget to Actual Revenues			1.01%			0.15%			2.97%
% Variance Budget to Actual Expenses			-6.14%			-2.58%			-3.29%

Source: 1996-97, 1997-98 and 1998-99 Comprehensive Annual Financial Reports.

In 1996-97, the district under-budgeted revenues by \$143,251 or 1.01% and over-budgeted expenditures by \$1,015,062 or 6.14%. In 1997-98, the district under-budgeted revenues by \$20,870 or .15% and over-budgeted expenditures by \$411,094 or 2.58%. In 1998-99, the district under-budgeted revenues by \$477,456 or 2.97% and over-budgeted expenditures by \$546,210 or 3.29%. These budget variances negate the tax relief intended by law. Based on the unused current year appropriations identified in the 1998-99 and 1999-00 budgets, and a continuation of the budget variances identified in audited years 1996-97, 1997-98, and 1998-99, the review team projects the combination of unused appropriations and additional generated fund balances for 2000-01 could total between \$.75 million and \$1.5 million.

### **Recommendation:**

**The district should attempt to more accurately forecast revenues and expenditures in each upcoming budget year, and more accurately forecast unused current year appropriations and current year-end fund balance. This would allow the excess fund balance appropriations to actually be spent in the subsequent year and reduce surplus to within the 6% requirement.**

Alternatively, N.J.S.A. 18A:7F-7 subsection b., allows the district, with the approval of the commissioner, to transfer the excess undesignated general fund balance to the capital reserve account if the district has a formal plan to expand, renovate or construct facilities, join a distance learning network, or make a major replacement or acquisition of instructional equipment within the subsequent five years.

### *Growth Limitation Adjustments*

N.J.S.A. 18A:7F-5, subsection d.) allows the maximum T&E (Thorough and Efficient) budget, a mechanism that limits growth, to be adjusted. There are four criteria outlined in the statute that allow for a growth limitation adjustment. They are:

1. Changes in enrollment;
2. Certain capital outlay expenditures;
3. Expenditures for non-remote pupil transportation services; and
4. Special education costs per pupil in excess of \$40,000.

For school year 1998-99, the Delsea Regional School District had spending growth limitation adjustments totaling \$382,564. Aid amounts for the budget year are based on budget year pupil counts, which are projected by the commissioner using data from prior years. Since the district had an increase in resident enrollment of 55 students over those prior year counts, the district was allowed an adjustment for changes in enrollment of \$327,792. The district also provides courtesy busing to non-remote pupils as a matter of safety. There are no sidewalks or crossing-guards on the roads approaching the schools. The statute allows that the cost of providing this service, which is not aided by the state, may be added to the maximum T&E budget. The district was allowed a \$54,772 adjustment for these non-remote pupil transportation services.

## Grants Management

Grant writing and administration of grants is shared by two positions: the chairperson of child study team/supervisor of special education; and the assistant superintendent (supervisor of curriculum and instruction). The Individuals with Disabilities Education Act (IDEA) grants and nonpublic state aid are the responsibility of the chairperson of child study team/supervisor of special education. The assistant superintendent administers the Improving America's Schools – Consolidated Grant which includes Title I Part A, Title II – Eisenhower Professional Development State Grants (IKE), Title IV – Safe and Drug-Free Communities Act, and Title VI – Innovative Education Program Strategies. In some areas the assistant superintendent assigns other staff members, community members, and parents to assist with the grant applications. The business administrator is involved with the financial aspects of all grants.

The assistant superintendent received a stipend of \$1,700 for the application and administration of the Learn and Service Grant. She will receive \$2,500 for applying for the Goals 2000 grant, which will be awarded in the 2000-01 school year. Some of the time spent on applying for competitive grants is done after the assistant superintendent's regular workday.

In the 1998-99 school year, the Delsea Regional School District was awarded \$362,769 in federal grants and \$418,806 in State aid restricted grants. The following is a table of grants received in the last three years:

<b>FEDERAL GRANTS</b>	<b>1998-99</b>	<b>1997-98</b>	<b>1996-97</b>
Title I, Part A, Basic	\$83,862	\$80,609	\$94,834
Title II, Math/Science – Eisenhower Prof. Develop.	\$5,093	\$5,471	\$4,836
Title IV, Safe and Drug-Free Communities Act	\$8,175	\$7,228	\$5,985
Title VI, Innovative Educ. Prog. Strategies	\$6,765	\$5,848	\$5,208
IDEA Part B	\$186,876	\$146,640	\$123,384
IDEA Capacity Building	\$9,396	\$0	\$0
Learn and Serve America	\$35,000	\$0	\$0
Perkins Vocational and Applied Technology	\$16,428	\$17,496	\$19,961
Vocational Education	\$11,174	\$825	\$0
<b>Total Federal Grants</b>	<b>\$362,769</b>	<b>\$264,117</b>	<b>\$254,208</b>
<b>STATE GRANTS</b>			
Demonstrably Effective Program Aid (DEPA)	\$198,968	\$193,554	\$0
Instructional Supplemental Aid	\$113,100	\$85,106	\$0
Distance Learning Network Aid	\$74,312	\$70,590	\$0
Non Public School State Aid	\$0	\$0	\$0
Nursing	\$9,198	\$8,252	\$8,479
Textbook Aid	\$6,611	\$6,237	\$6,003
Auxiliary Services	\$0	\$0	\$0
English as a Second Language	\$1,248	\$2,549	\$2,549
Transportation	\$174	\$117	\$205
Basic Skills	\$731	\$0	\$1,258
Home Instruction	\$5,593	\$4,568	\$0
Handicapped Services	\$0	\$0	\$0
Supplemental Instruction	\$1,505	\$2,709	\$1,505
Corrective Speech	\$0	\$629	\$0
Examination & Classification	\$4,426	\$5,518	\$1,604
Non Public Technology Aid	\$2,940	\$0	\$0
Technology Grant	\$0	\$0	\$13,690
<b>Total State Grants</b>	<b>\$418,806</b>	<b>\$379,829</b>	<b>\$35,293</b>
<b>Total Fed/State Grants</b>	<b>\$781,575</b>	<b>\$643,946</b>	<b>\$289,501</b>

The above table denotes actual awarded grants derived from Exhibit K-3 of the district's CAFRs. Various grant monies are awarded for a period extending past June 30<sup>th</sup>, after the close of the CAFR reporting period. Therefore, unspent grant monies are deferred and spent after the school year ends. A review of grant funds expended during the 1998-99 school year is denoted in Exhibit C-2 of the CAFR, which includes previous years' unspent, carryover funds. The district expended \$337,906 in federal funds and \$398,494 in state funds. Unexpended nonpublic funds in the amount of \$1,554 were returned to the grantor, as required.

#### *Federal Grants*

**Title I** - Eligibility for Title I grant monies is determined by the at-risk population as a percentage of the district's total enrollment, including resident pupils attending private school. Both of the district's schools, the middle and high school, were eligible to spend funds from this grant. Also, a portion of grant monies funded a tutor for eligible private school students.

**Title II – Eisenhower Math and Science Grant** - Funds were used for substitute salaries while teachers attended professional workshops and for teacher compensation for training and curriculum work conducted beyond the contractual year.

**Title IV – Safe and Drug Free Schools Act** – This grant partially funds a full-time substance awareness coordinator in the high school and a part-time middle school student assistance counselor. In the 1998-99 school year, this grant was used together with board subsidy and community donations to fund project graduation, an event that follows graduation ceremonies and continues through the night, entertaining students in a safe environment. The grant was also used to fund "Get Real About Violence," a program to reduce vandalism and violence incorporated in the curriculum of grades 7 and 8.

**Title VI – Innovative Education Program Strategies** - Funds from this grant were used for an after-school computer monitors/mentors program. Two to three days per week, staff members assisted students in learning new computer programs and using the Internet to obtain information.

**The Perkins Vocational Education Grant** - Monies from this grant are provided to improve education programs leading to academic and occupational skills. Vocational classes enable the students to learn about various careers and career choices. In the 1998-99 school year, 421 students chose to take courses in the district's marketing, business and career development programs.

**Vocational Education Grants** – Through involvement with the Glassboro and Washington Township School Districts, the district received funds for the school to careers program. This program prepares students for high-skills jobs by educating them about careers and providing training in various skills. This program is mandatory for all tenth grade students. The school to work opportunities funds were received through the Gloucester County Vocational-Technical School District. Monies received were used to purchase supplies for the district's newly implemented computer repair course.



**Individuals with Disabilities Education Act (IDEA), Part B, and IDEA Capacity Building –**

This grant funds programs for students with disabilities ages 3-21. In the 1998-99 school year, 353 resident students with disabilities received services such as physical therapy, speech, and related services, as well as counseling by the child study team. Students with disabilities in several non-public schools received services as well as supplies from this grant. IDEA capacity building aid was designated for a program being given by a nearby college. However, the plan did not go forward as proposed. The application was revised to fund additional related services for students.

*State Grants*

**Non-public School State Aid** – There is one non-public high school in the district. The district received a total of \$32,426 in non-public school state aid in the 1998-99 school year for nursing, textbooks, auxiliary and handicapped services. The non-public school did not expend the entire amount due to the students' ineligibility for services. The unexpended amount, \$1,554, was returned to the grantor as required.

Beginning in the 1997-98 school year, the state gave restricted aid to eligible school districts. Like grant money, this aid is accounted for in Fund 20 and must be spent according to state aid regulations. The district received demonstrably effective program aid (DEPA), instructional supplemental aid, and distance learning network aid.

**DEPA** - Funds were used to provide instruction based on individual student needs (basic skills), integrating technology into instruction and alternative schools. The district received DEPA funds in the amounts of \$193,554 and \$198,968 in the 1997-98 and 1998-99 school years only. Aid is only provided in those districts with a concentration of low-income pupils equal to or greater than 20% of the district's enrollment. The district was no longer eligible for this state aid after the 1998-99 school year.

**Instructional Supplemental Aid** - The district received \$1,505 which was used to supplement the basic skills program.

**Distance Learning Network Aid** - The district received \$73,021 in the 1998-99 school year. The allocation is based upon the estimated resident enrollment. The district purchased computers with a portion of this grant and funded a portion of a technology staff member's salary. This grant replaced the technology grant in the 1997-98 school year.

*Discretionary Grant*

**Learn and Serve America Grant** - The assistant superintendent applied for and received \$35,000 in the 1998-99 school year. This grant enables the district to integrate school-based learning with community service activities throughout the curriculum as a means to implement the core curriculum content standards. In its first year, this program was implemented in grade seven social studies curriculum in the middle school and grade nine English classes in the high school. Also, funds from this grant were used to purchase computers for the middle and high school. The district received recognition for its learn and serve program from the NJ Department of Education as well as its local Senator and New Jersey's Governor.

The learn and serve program was expanded to include grades eight and ten in the 1999-00 school year. The district was not awarded funds from this grant for the 2000-01 school year. However, the district is continuing the program in grades 7 through 10 and is expanding it to grade 11. LGBR encourages the district to continue to apply for this grant each year given the success of this program.

The district reported that it would receive monies from the goals 2000 grant for the 2000-01 school year.

The district reported that it is looking into additional discretionary grants for which it may be eligible, such as the art for teenagers grant.

The assistant superintendent consistently seeks grants through the Department of Education website as well as various educational magazines and is commended for her efforts.

### **Recommendation:**

**The district should continue to visit the New Jersey Department of Education website, [www.state.nj.us/education](http://www.state.nj.us/education), (click on “grants”) and the United States Department of Education websites, [www.ed.gov/inits.html](http://www.ed.gov/inits.html) and [www.ed.gov/funding.html](http://www.ed.gov/funding.html), for current information on available grant programs. These websites provide an excellent source of information for schools to determine those additional grants for which they may qualify.**

### **Capital Projects**

As of June 30, 1999 the Delsea Regional School District had one outstanding capital project for which \$54,097 was unexpended. The original, broad-scope project had been started in 1993 and included the construction of an addition and renovations to the high school, and acquisitions of furniture and equipment. Discussion with the business administrator disclosed that the unexpended funds were used to purchase additional furnishings at the school and the project is now complete.

At the time of this review, the district had recently undertaken a new capital project. In June, 2000, the district issued bonds in the amount of \$1.2 million to finance various improvements and renovations to the athletic complex.

Although projections in the current five-year facilities plan show enrollment outpacing capacity for 1999-00, actual enrollment in the Franklin and Elk K-6 districts has declined according to district officials. Consequently, the district reasons the number of students matriculating into the middle school and subsequently the high school should also decline. As part of the preparation of its new five-year facility plan, the district is currently reviewing new enrollment projections and the effects of new legislation provided under the School Facilities and Construction Act in an effort to maximize their options.

### **Long-Term Debt**

Long-term debt affects a district's ability to generate revenue for the general fund through the local tax levy. In 1999, 11.7% or \$645,032 of the total local tax levy went to debt service. Total

debt service made up 11.36% or \$2,289,576 of total expenditures. Of the four districts in the comparative sample, the Delsea Regional School District has the largest amount of long-term debt. In Delsea's case, its long-term debt structure is the direct result of building construction projects necessitated by earlier increases in student population. As of June 30, 1999, the district had \$20,294,994 in outstanding long-term debt as listed in the table below.

<b>Delsea Regional School District Long-Term Debt</b>		<b>Balance 6/30/99</b>
<b>Compensated Absences Payable*</b>		<b>\$230,471</b>
Asbestos Removal & Renovations (1982)	\$169,000	
Middle School Construction (1987)	\$3,629,000	
High School Reconstruction (1993)	\$8,390,000	
<b>Bonds Payable</b>		<b>\$12,188,000</b>
Facilities Loan	\$7,770,395	
Small Projects Loan	\$82,396	
Safe School Loan	\$23,732	
<b>Loans Payable</b>		<b>\$7,876,523</b>
<b>Total Long-Term Debt</b>		<b>\$20,294,994</b>

The district had a total bonded borrowing capacity of \$25,114,407, which is calculated at 3.5% of the past three-year average equalized valuation of real property located within the school district. Since compensated absences are not calculated against borrowing capacity, the district had a remaining borrowing capacity of \$5,049,884 on June 30, 1999. During fiscal year 1999-00, the district continued to make payments reducing outstanding long-term debt, and in June, 2000 the district issued the \$1.2 million in bonds for the sports complex. The increases and decreases resulting from these transactions will effect borrowing capacity as of June 30, 2000 and will be reported on in that year's audit.

The various bond issues and loans payable are structured so that the total annual debt service requirement remains stable throughout the remainder of their term. Principal payments on the longer-term bonds increase in future years as obligations on shorter-term bonds are fulfilled. There are no significant spikes in future annual payments that would result in budgetary problems. Total debt service as a percentage of total budget decreased over the three-year period 1996-99. The business administrator, under advisement of the bond counsel, has the responsibility of monitoring bond rates to determine the benefits of refinancing. Regulations allow that if the savings from reissuing bonds, net of any issuance costs, is 3% or greater, then the district may consider refinancing.

## INSURANCE

### **Property and Casualty Insurance**

#### *Brokerage Services*

Broker services include seeking insurance proposals, assisting with claims, and arranging for building inspections and safety programs. Brokers earn a commission paid by the insurer. The commission structure is negotiated between the insurance agency and the broker.

At the time of the review, the district had three brokers of record for its property and casualty insurance, i.e., property, liability, crime, automobile, and workers' compensation. Only one of the brokers represents the district for its pollution, student and treasurer's bond insurance policies. The district did not have a service contract with any of its brokers.

One broker has provided services to the district for approximately 20 years. A second broker became involved in September, 1999. The reason for bringing in the second broker was to join the Southern New Jersey Schools Risk Management Group, a group of 23 school districts that the second broker represented. By joining the group and changing insurance carriers, the district obtained coverage at a \$75,000 saving over the 1998-99 school year.

It was during the time of this review that the second broker formed an alliance with a third broker for workers' compensation coverage beginning with the 2000-01 school year. The third broker marketed a cooperative purchasing group designed to maximize purchasing power in order to obtain coverage at lower premiums. With the inclusion of the Southern New Jersey Risk Management Group, the cooperative purchasing group expanded to a total of 55 districts.

After reviewing broker services with each agent and the district, it was unclear which agent was directly responsible to the district to provide each service. LGBR finds it odd that the district has three brokers of record handling its workers' compensation insurance. However, when dealing with multiple brokers, it is more efficient for the insured to enter into a written contract with each broker indicating what services each is responsible to provide.

### **Recommendation:**

**LGBR recommends that the district enter into a written contract with each of its insurance brokers indicating services to be rendered.**

#### *Commissions*

The district's cost for insurance premiums includes commissions paid to the broker of record. In the 1998-99 school year, the district's broker received commissions ranging from 4.01% for workers' compensation to 20% for its automobile and property and general liability package. That year the district paid a total commission of \$35,600 on \$321,961 in insurance premiums. The commission rates were average for the insurance industry.

In the 1999-00 school year, the commissions shared by the district's two brokers amounted to \$20,178. The decrease in commissions was attributed to receiving lower policy rates and the fact that most policies were in effect for 10 months, September through June. The workers' compensation policy was moved to a different company and was in effect for only six months.

In the 2000-01 school year, commission rates remained the same as previous years for all policies and were shared among two brokers except for the workers' compensation policy. The total commissions for automobile, property and general liability were \$23,387. Under the alliance with the third broker, commissions for the workers' compensation policy were to be distributed among three brokers. The commission rate for the workers' compensation policy increased from 4.01% (\$4,111.37) in the 1998-99 school year to 23% (\$19,239) in the 2000-01 school year. Total commissions for the 2000-01 school year totaled \$42,626.

LGBR performed an analysis of the district's insurance costs, breaking out policy costs and brokers' commissions. The analysis showed that over the past three years the insurance cost portion of the premiums decreased and the commission rates remained the same for all policies except workers' compensation. The transfer to the JIF for workers' compensation coverage brought about an overall premium saving. However, the commission rate increased. Like many insured, the district was unaware of the commission portion of the premium, as this information is not disclosed to the district when proposals are submitted.

### **Recommendation:**

**It is recommended that, in preparing future cost comparisons relevant to insurance purchases, the district require vendors to list all cost components of proposed premiums. Additional details in the cost analysis can lead to a better-informed purchasing decision.**

### *Insurance Costs*

The district maintained its property and casualty and workers' compensation insurance with one commercial carrier for many years. In joining the South Jersey Insurance Group, the district transferred this insurance to another commercial carrier. The district's insurance in the past provided coverage from September to August. The new insurer covered the district for 10 months in the first year, from September 1, 1999 to June 30, 2000. The next year, 2000-01, the district policies began on July 1<sup>st</sup> and were in effect for 12 months. Insurance costs for the 1998-99, 1999-00, 2000-01 school years were as follows:

	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>
Property & Liability	\$170,868	\$90,924	\$119,710
Workers' Compensation	\$109,963	\$106,724	\$104,265
Student Insurance	\$41,130	\$32,000	\$29,625
<b>Total</b>	<b>\$321,961</b>	<b>\$229,648</b>	<b>\$253,600</b>

The 1999-00 insurance costs reflect the 10-month policies. Annualizing the property and liability policy premiums would increase the total cost approximately \$15,000, bringing the 1999-00 total to approximately \$245,000. The district realized a saving of over \$75,000 the first

year by changing insurance carriers and joining the insurance group. In addition, an improved experience factor decreased the workers' compensation premium (discussed below). The review team commends the district for its success in lowering insurance premiums.

During this review, proposed premium rates were received for the 2000-01 school year. The property policy increased to reflect increased values, and the workers' compensation policy, now with the joint insurance fund, decreased. The total insurance cost to the district for the 2000-01 school year will increase by approximately 3%, or \$8,274 (using the annualized costs.)

As mentioned above, the district looked for a better value in the property and casualty market and was successful in achieving a saving by joining an insurance group and changing its insurance carrier. In the 2000-01 school year, the property and casualty insurance policy was increased due to the district's statement of values. The increase reflected increased valuation following the completion of the final addition to the high school in some years ago. A previous insurer neglected to increase the building value at that time.

The team's review of the property policy revealed that the district's electronic data processing (EDP) equipment was covered under both the property and the inland marine policies. This was brought to the attention of the insurance broker who immediately responded by transferring the EDP coverage from the property to the inland marine policy saving the district approximately \$1,400.

#### **Recommendation:**

**LGBR recommends that the district transfer the EDP coverage from the property to the inland marine policy, thereby eliminating duplicate coverage.**

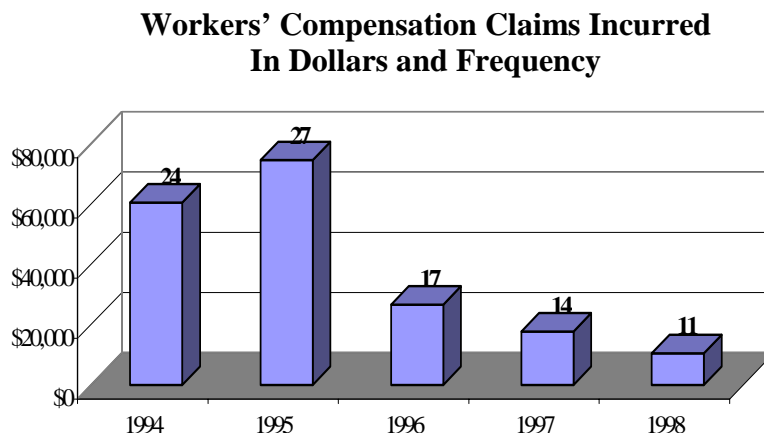
**Cost Savings: \$1,400**

#### *Workers' Compensation*

One commercial carrier insured the district for approximately eight years prior to January, 2000, when the district moved its workers' compensation coverage to a different commercial carrier. In July, 2000, the workers' compensation coverage was moved from the second commercial carrier to New Jersey School Boards Association Insurance Group (NJSBAIG). NJSBAIG is a school district JIF formed under the provisions of N.J.S.A. 18A:18B-1 et. seq.

The cost for workers' compensation coverage is based upon the frequency and severity of claims, called the "experience factor." This measures the district's safety against other school districts on a performance basis. This factor is expressed as a decimal and ranges from .5, which is excellent, to 1.0, which indicates the district is doing an average job, to amounts exceeding 1.0, indicating a high experience factor. The district's workers' compensation experience modification for the past three years was 1.005 as of December 31, 1997, .950 as of December 31, 1998 and .868 as of December 31, 1999. The change in the experience modification in December, 1999 resulted in a \$4,566 credit to the district's premium. Subsequently, the JIF reviewed the district's claims experience and assigned it a .767 experience modification

A previous insurance carrier performed an analysis of workers' compensation claims from 1994 through 1998, indicating that claims dropped dramatically beginning in 1996, decreasing from a high of 27 in 1995 claims to a low of 11 claims in 1998.



As indicated above, payments made for workers' compensation claims reached over \$70,000 in 1995 but dropped to \$10,000 in 1998. The decreased severity and frequency of claims lowered the district's experience factor; however, the broker did not forward loss claims to the district. The team requested these reports from the broker and reviewed the district's history from January through December, 1999. Of the 23 claims, 12 had been closed with no payment made. Reviewing claims reports and analyzing causes of claims are important tools in controlling accidents. The district should request monthly claim reports to check for accuracy and to know what areas to address in an effort to prevent accidents.

The current workers' compensation JIF, NJSBAIG, provides incentives to lower costs of insurance premiums. For example, if a district attends certain seminars, it may receive a discount on a particular policy. Also, the JIF provides services to reduce the risk exposure for the district. It is in the district's best interest to attend seminars and to use the insurer's services whenever possible.

Having injured employees return to work as quickly as possible saves the district costs incurred by employing substitutes and decreases workers' compensation claim payments. Light duty policy also encourages an injured worker to return to work more quickly. The district allows employees to return to work on light duty with appropriate doctor's written instructions. However, there is no policy that addresses returning to work on light duty.

#### **Recommendations:**

**Reviewing claims reports and monitoring loss claims is an important tool in addressing safety issues. It is recommended that the district request the loss claim report on a monthly basis to check for accuracy and to know what areas to address in an effort to prevent accidents in all areas (workers' compensation, automobile, and property).**

**The district is encouraged to take advantage of the insurer's seminars and loss control services in an effort to further increase safety and maintain low costs.**

**Although the district permits light duty, it does not have a light duty policy. It is recommended that the district establish policies and procedures to get injured workers back to work as soon as possible.**

#### *Safety Committee/Plan*

The district has a school safety policy, which includes the instruction of students and staff members in proper safety precautions. The superintendent reported that meetings are regularly scheduled with various staff representatives who, in turn, meet with those they supervise. Also, safety meetings with all personnel are scheduled annually. The supervisor of building and grounds and supervisor of transportation meet with their respective staff regularly for discussion of issues relating specifically to their departments. Safety meeting agendas were reviewed and it was found that the district addresses many essential safety issues. Safety is an important issue and a cost saving factor. Although the district holds regular safety meetings, it should consider formalizing its safety program in writing and making it available to all employees. The district could use materials that are available through its insurance carrier to provide a basis for its safety program.

#### **Recommendation:**

**Accident prevention is important to provide a safer workplace and is a cost saving factor. Although the district has effective safety committee meetings, it is recommended that a formal safety plan be established containing, but not limited to, the following:**

- **identification of personnel responsible for administration of risk management, safety, and loss prevention program with a description of their responsibilities;**
- **procedures for inspections to identify exposures to loss;**
- **procedures for continuous review and analysis of loss experience reports;**
- **procedures for investigating and reporting injuries or property loss; and**
- **procedures for managing emergency situations.**

#### *Safety Inspections*

The supervisor of maintenance, who conducts an annual inspection to check the buildings for safety, indicated that the maintenance staff repair hazardous conditions as they observe them. The insurer's loss control representative inspects the district's buildings and grounds at regular intervals. The district's previous insurance carrier issued an inspection report on June 29, 1999, recommending that the district establish an emergency plan for continued operation of its computer room in the event of a major accident. The district reported that it has a generator to keep the electricity in service. Also, computer backup cartridges are kept off site. However, there is no written plan detailing instructions for continuous operation of the computers or for safeguarding data. There were no hazardous conditions noted in the report. The insurance carrier provided the district with an accident analysis from September, 1994 through 1999 to alert the district where it should place an emphasis. In February, 2000, the district's insurer conducted an inspection of district property and submitted two recommendations, one



concerning an electrical issue and the other concerning the automatic extinguishing system protecting the cooking units in the middle and high school. These recommendations were addressed.

### **Recommendation:**

**LGBR recommends the district establish a written plan detailing instructions for continuous operation of its computer and safeguarding data in emergency situations.**

### **Student Insurance**

The district pays premiums for student accident insurance. The cost for this coverage was as follows:

1998-99	\$41,130
1999-00	\$32,000
2000-01	\$29,155

The decreased cost is due to usage experience. The accident insurance includes coverage of all students injured at school, as well as for interscholastic athletes, cheerleaders, and band members.

### **Health Insurance**

#### *Insurance Broker*

The district's broker services all district health benefits: health, dental, and prescription. The district reported the broker is accessible at all times to answer questions, provide assistance, and seek proposals in the competitive market.

#### *General Insurance Coverage*

In 1994 when premium costs increased, the district opted out of the NJ State Health Benefits Program to attain cost containment measures not permitted in the state's plan. District employees are now insured by private health plans for health, dental, and prescription coverage. The Delsea Regional School District has several bargaining units, each requiring different employee co-payments and offering various employees cost-sharing plans. Each bargaining unit has different contract dates, necessitating amendments during the life of certain contracts when negotiated changes are made.

It should be noted that, after the district opted out of it, the State Health Benefits Plan's premiums increased less dramatically than in previous years. This trend has continued to the point where the district would now save by joining the state plan. (These potential savings are further discussed in the collective bargaining section.)

#### *Health Insurance Plans*

Approximately 240 employees participate in the district's health program. The program includes a choice of three managed-care plans. Alternatively, eligible employees may elect to waive the district's health insurance program in return for \$1,000 in cash or a \$1,000 board contribution to a cafeteria plan (IRS Section 125). Features of the health plans are as follows:

	<b>In Network</b>	<b>Out of Network</b>
Plan #1	\$5 employee co-pay	70% reimbursement
Plan #2	\$10 employee co-pay	80% reimbursement
Plan #3	\$2 employee co-pay	80% reimbursement

Plan #3 is available only to teachers who have a spouse in the district who chooses to waive his or her health coverage for an option of \$1,000 cash or board contribution to a cafeteria plan. Soon after the district opted out of the State Health Benefits Program, 11 married employees selected plan #3. In the 1999-00 school year, three employees participated in Plan #3.

Any employee can waive medical coverage. In this case, the board reimburses the employee with a taxable, cash payment of \$1,000 or a non-taxable \$1,000 contribution to a cafeteria plan. In the 1999-00 school year, 15 employees waived medical coverage. The total amount paid to employees was \$14,377. The district saved approximately \$50,000 by use of the waiver option to eliminate duplicate coverage.

#### *Employee Eligibility*

The following individual bargaining unit contracts address the eligibility requirements of employees participating in the district's health coverage plans or options:

Administrators' Association  
Education Association  
Secretarial Unit  
Transportation Association  
Custodial Unit

All full-time administrators, education association members, secretaries and custodians meet eligibility requirements. Effective July 1, 1999, eligibility under the transportation association bargaining agreement increased from 20 hours to 25 hours work per week.

Board policy addresses benefits and eligibility for the following employees:

Non Unit Secretaries (Confidential Secretaries)  
Bus Mechanics  
Transportation Coordinator  
Supervisor of Building and Grounds  
Computer Technology Assistant  
Computer Coordinator

Part-time employees and substitutes employed for more than 30 hours per week.

#### *Employee Co-Payments*

The board pays the entire cost of health benefits for administrators, several supervisors, education association members, and mechanics. Other participating units are afforded board-

paid single coverage and must pay 5% or 10% of other-than-single coverage. The employees' share is capped not to exceed \$500 per year for family coverage, \$400 for husband/wife coverage and \$300 for parent/child coverage.

#### *Cost of Insurance*

Approximately 70% of the eligible employees have other-than-single coverage. Annual individual employee premium costs range from \$2,503.20 for single coverage for the least costly plan to \$8,134.80 for a family covered by the most costly plan. The district's total net cost for health insurance premiums in the 1999-00 school year was \$1,194,573. The cost includes the employee share of \$10,896, and the expenditure of \$14,377, the board's cash payment for those who waived medical benefits.

#### **Dental Program**

Approximately 198 employees participate in the district's dental program electing coverage from one of two plans. Both plans require employees to pay 50% of dental charges. The preferred (PPO) plan pays the dental provider a discounted rate; the premier plan pays the dental provider the usual and customary rate. In the 1999-00 school year, 49 employees participated in the preferred plan and 149 participated in the premier plan. For in-district, married couples, both employees may elect dental coverage, as there are coinsurance benefits in the dental program.

#### *Employee Co-Payments*

The board pays the entire cost of dental benefits for administrators, secretaries, and custodians, full-time employees covered by board policy and part-time employees working over 30 hours. In the first year of the 1997-98 through 1999-00 education association contract, the board paid the full cost of the premium. In the second and third year of the same contract, the education association members were required to pay the premium increases. In the final contract year, education association members paid \$28.60 or \$37.40 annually according to the plan elected. Confidential secretaries received board-paid benefits in the first year contract, 1998-99, but paid 5% of the premium in the second year and 10% of the premium in the third year (\$12.60 or \$16.80 according to the plan elected). The co-payments are capped not to exceed \$339 per year for secretaries and custodians. Transportation unit members are not eligible for dental coverage.

It should be noted that during the course of this review, the education association ratified a new, three-year contract beginning in the 2000-01 school year. Under the new agreement, the board pays 90% of the cost of the more expensive dental plan while the employee contributes 10% of the premium.

#### *Cost of Dental Insurance*

The district is charged a blended rate for its employees, i.e. one rate regardless of marital or family status. The district's annual premium cost for each employee in the 1999-00 school year was \$259.44 for the preferred plan and \$337.80 for the premier plan. The net cost to the district in the 1999-00 school year was \$56,990. The cost included an employee share of \$6,105.

## **Prescription Plan**

Approximately 190 employees participate in the district's prescription program. The plan requires an employee co-payment of \$5 for generic drugs and \$10 for brand name drugs. In-district married couples cannot each hold an individual policy. There is no advantage to duplicate coverage, as there are no coinsurance benefits in the plan.

### *Premium Cost*

The district sought proposals for prescription coverage in the 1997-98 school year. The premiums were blended; i.e., one rate, regardless of marital or family status. The rates for each employee were \$672, \$732, and \$1,120 for the 1997-98, 1998-99, and 1999-00 school years, respectively. The district net cost for the 1999-00 school year was \$144,035, which included the employee share of \$69,247.

### *Employee Co-Payments*

The board pays the entire cost of prescription benefits for administrators, transportation employees, and full-time employees covered by board policy. In the first year of the 1997 through 2000 education association contract, the board paid the full cost of the premium. In the second and third year, the education association members were required to pay the premium increases (\$462.40 annually in both the 1998-99 and 1999-00 school years). The secretaries' and custodians' contracts specify that the board contributes \$723.48 per employee; the employee share is \$397 annually. Confidential secretaries received board paid prescription benefits in the 1998-99 school year, but paid 5% of the premium in the second year and 10% of the premium in the third year.

The third year of the district's prescription program contract, premiums rose significantly. This brought about increased cost sharing and finally negotiated changes in the education association contract for the 2000-01 school year.

While the review team was in the district, a new prescription plan was obtained through the medical plan. The changes, scheduled to go into effect July 1, 2000, include a tiered rate and a change of employee co-pay to \$5 for generic, \$10 for formulary brand name on the carrier's list, and \$25 for non-formulary drugs on the carrier's list and those on the formulary exclusion list. (Medications on the formulary guide are "preferred" generic and brand name medications based on the insurer's review process. Non-formulary medications are non-preferred and are a more expensive choice.) Employees who are not participating in, or eligible for, the medical plan can not participate in the prescription program. The proposal for the prescription plan indicated that the district would realized a premium saving of \$24,500 over the previous year's premium by changing plans on July 1, 2000. The estimated saving is expected to result from the increased co-payment as well the elimination of a free standing plan in favor of coverage through the medical plan.

The following is a table of costs for benefits for the 1999-00 school year:

<b>1999-2000 Benefits Cost</b>				
	<b>Premium Cost</b>	<b>Employee Share</b>	<b>Board Cash Payment Option</b>	<b>Net Cost</b>
Health	\$1,191,092	(\$10,896)	\$14,377	\$1,194,573
Dental	\$63,095	(\$6,105)	\$0	\$56,990
Prescription	\$213,282	(\$69,247)	\$0	\$144,035
<b>Total Costs</b>	<b>\$1,468,469</b>	<b>(\$86,248)</b>	<b>\$14,377</b>	<b>\$1,396,598</b>

Health, dental, and prescription benefit premiums have been climbing. The district, with its broker, has made aggressive efforts to save money. The district's efforts in seeking and achieving lower premium costs, as well as negotiating cost-saving modifications in staff contracts is commended.

In order to further contain costs and encourage employees to make individual economic decisions on benefit choices, the district should consider negotiating further cost containment measures.

Recommendations regarding health and dental benefits are addressed in the collective bargaining section.

## **FACILITIES AND OPERATIONS**

### **Overview**

As districts throughout the state attempt to balance the need to lower taxes with the responsibility of ensuring structurally sound, environmentally safe, and energy efficient educational facilities, building construction and repair costs continue to rise. Efficiencies and cost-cutting measures must necessarily consider the health and safety of students and staff.

The Delsea Regional School District high school and middle school facilities are located on an 85-acre campus in rural Gloucester County. The district administration staff has offices in the middle school and transportation and maintenance staffs occupy a modular building on site. The district bus compound and garage are located on State Highway 40 several miles from the school.

### **Maintenance/Custodial Operations**

The structure of the maintenance operation in Delsea is unique in that custodial personnel fulfill a dual role, that of a custodian/maintenance mechanic. Consequently, in addition to cleaning the facilities, maintenance staff also replace ballasts, repair small equipment, etc. A facilities maintenance manager oversees the department, which also includes three groundsman, and a secretary, whose duties are shared between the facilities maintenance operation and the transportation operation.

The overall condition of the buildings is excellent. The fields were under construction at the time of this review, but the landscaping around the buildings was well maintained.

Interviews with the staff of both buildings established that everyone generally feels that the staff does a good job and that the facilities are in good repair. However, several of those spoken to remarked on the many hours the facilities manager spends on weekends and evenings making repairs.

### **Custodial Staffing**

Part of the review process consists of identifying custodial staffing needs utilizing an objective, quantitative, multi-step process based upon the size and use of the facility. The process entails:

- Reviewing existing district work and time standards for the various cleaning tasks within the school facility.
- Reviewing custodial labor agreements to determine the number of work hours within a negotiated workday and then reducing the workday by an off task time allowance factor of 25%. Off task time is defined as scheduled work breaks, interruptions, emergencies, etc.
- Obtaining floor plans of the facilities and inserting task data into the following matrix adopted from “*The Custodial Staffing Guidelines for Educational Facilities*” published by the Association of Higher Education Facilities Officers and “*Good School Maintenance*” published by the Illinois Association of School Boards to determine the total cleaning time for each facility.

<b>Areas</b>	<b>Average Time in Minutes</b>	<b>Average Square Feet</b>
Cafeteria	150	10,000
Classrooms	15	1,200
Corridors	5	1,000
Entrances	5	112
Gymnasiums	45	10,000
Laboratories	20	324
Libraries/Music Rooms	30	15,000
Locker rooms	25	1,960
Offices	8	1,200
Offices with carpet	12	1,200
Restrooms	20	150
Shops/Art/Home EC	30	1,200
Stairways	8	PER FLIGHT
Teacher’s Lounges/Café	20	1,200
Auditorium	150	10,000
Multipurpose/Gym/Café	210	10,000
Multipurpose	40	2,400

\*NOTE: The average standard can be adjusted to reflect actual sq. ft. proportional to the standard sq. ft. for an activity.

- Dividing this total of minutes by the total work-hour minutes available (after adjusting by the off task time factor) results in the headcount needed to clean the facility.
- Comparing actual and theoretical employee counts to determine if any staffing adjustments can be recommended.

The review team completed the above analysis for the Delsea Regional School District to determine the staffing required to perform night cleaning and to establish daytime requirements for basic (statutory) boiler maintenance and porter services. According to the staffing analysis, the average recommended number of custodians required in the district is 13.

The district employs a cleaning staff of 17 full-time custodial/maintenance workers. The district requires one position in each school for porter services and boiler maintenance. The remaining 15 positions are available to clean the Delsea school buildings and perform maintenance work. This puts Delsea at two positions over the recommended staffing. The analysis does not, however, make allowances for a district where the custodial positions are also responsible to perform general maintenance within the buildings, as is the case in Delsea.

In reviewing maintenance and grounds operations, the LGBR review team utilizes the *American School and University [ASU]*, a national publication for facilities, purchasing and business administration. The ASU performs annual maintenance and operations surveys of school districts around the country. Included are surveys indicating the average number of maintenance and grounds personnel required per acre and per square foot of building space. Delsea employs three groundsman which, given the acreage to be maintained in the district, meets the average requirement. However, with regard to maintenance, while Delsea has no full-time maintenance workers, districts having facilities of equal square footage averaged four full-time maintenance staff. The following chart compares Delsea's custodial, maintenance and grounds staffing to the recommended staffing in those areas:

#### **Staffing: Facilities and Operations**

<b>Delsea Staffing</b>	<b>Standardized Recommended Staffing</b>
17 Full-time Custodial/Maintenance Staff	15 Full-time Custodial Staff
	4 Full-time Maintenance Staff
3 Full-time Grounds Staff	3 Full-time Grounds Staff
<b>20 Total</b>	<b>22 Total</b>

#### **Cost of Operations**

One of the tools utilized in the review process is the NJDOE Comparative Spending Guide. This guide compares the per pupil costs of school districts in the state with comparably sized districts having like grade structures. Utilizing data for the three most recent years, the Delsea Regional School District's three-year average cost per pupil for operations and maintenance of plant and salaries and benefits for operations and maintenance ranked 18 out of 48 comparable districts.

An additional analysis compares Delsea with three districts that are similar in terms of type, size and socio-economic factors. The complete comparison is included in the Comparative Analysis

section of this review and is also based on information from the NJDOE Comparative Spending Guide. The school districts that were used for detailed comparison with Delsea were Northern Burlington County Regional, Central Regional School District and Gateway Regional.

Based on the comparison of per pupil expenditures for selected cost factors for the 1998-99 school year for the four districts, the per pupil costs for operations and maintenance in Delsea were 3% above the average, or well within an acceptable variance. Per pupil expenditures for salaries and benefits, which were \$471, were the average for the four districts.

Another tool used in the review process for identifying potential cost savings in the area of operational costs within the school district includes the following:

1. Perform a square footage analysis for the district and compare the cost per square foot against regional benchmarks and other school districts reviewed by Local Government Budget Review teams. For regional benchmarking, the review team utilizes the ASU survey described in the previous section. It provides reports on the cost to operate schools [including payroll, outside contract labor, gas, electricity, heating fuel, equipment and supplies, etc.] on a regional level. Region 2 includes New York and New Jersey.
2. Identify and analyze budget lines and accounts that appear to be high in relationship to regional benchmarks and/or similar school districts.
3. Provide areas for cost savings based upon programs and/or efficiencies identified in other school districts or municipalities that may be applicable in the district of review.

The following table summarizes the Delsea Regional School District's cleaning, maintenance, grounds and utility costs per square foot for the 1998-99 school year:



CATEGORY	EXPENSE (\$)	EXPENSE (\$) SF	EXPENSE (\$) SF
	DELSEA	DELSEA	98 - 99 ASU
<b>CLEANING</b>			
Salaries	\$511,347	\$1.67	\$1.70
Overtime	\$32,591	\$0.11	\$0
Supplies	\$77,999	\$0.25	\$0.17
Contracts	\$0	\$0	\$0
<b>Subtotal – Cleaning</b>	<b>\$621,937</b>	<b>\$2.03</b>	<b>\$1.87</b>
<b>MAINTENANCE</b>			
Salaries	\$76,629	\$0.25	\$0.41
Overtime	\$6,046	\$0.02	\$0
Supplies	\$67,270	\$0.22	\$0.20
Contracts	\$174,444	\$0.57	\$0.28
Misc.	\$6,251	\$0.02	\$0
<b>Subtotal – Maint</b>	<b>\$330,640</b>	<b>\$1.08</b>	<b>\$0.89</b>
<b>TOTAL CLEAN/MAINT</b>	<b>\$952,577</b>	<b>\$3.10</b>	<b>\$2.76</b>
<b>GROUNDS</b>			
Salaries	\$81,858	\$0.27	\$0.21
Overtime	\$0	\$0	\$0
Supplies	\$37,514	\$0.12	\$0.09
Contracts	\$2,156	\$0.01	\$0
<b>Subtotal- Grounds</b>	<b>\$121,528</b>	<b>\$0.40</b>	<b>\$0.30</b>
<b>UTILITIES</b>			
Heat/Electric	\$486,261	\$1.58	\$1.23
Water/Sewer	\$22,000	\$0.07	\$0.23
<b>Subtotal- Utilities</b>	<b>\$508,261</b>	<b>\$1.66</b>	<b>\$1.46</b>
<b>TOTAL GRNDS/UTIL</b>	<b>\$629,789</b>	<b>\$2.05</b>	<b>\$1.76</b>
<b>TOTAL MAINT./OPER.</b>	<b>\$1,582,366</b>	<b>\$5.15</b>	<b>\$4.52</b>
<b>INSURANCE</b>	<b>\$115,877</b>	<b>\$0.38</b>	<b>\$0.11</b>
<b>GRAND TOTAL</b>	<b>\$1,698,243</b>	<b>\$5.53</b>	<b>\$4.63</b>

Source: 1998-1999 Comprehensive Annual Financial Report (CAFR)

As demonstrated by the chart, many of the categories of expense are within the acceptable range of 10% to 15% of the national average. However, maintenance contracts are 50% higher. The LGBR team believes that this can be attributed to the lack of dedicated maintenance mechanics which creates a need to utilize outside repair contractors. Associated concerns are the custodial overtime and substitute custodial costs. The combined total for these in 1998-99 was \$81,500.

The issues raised after the completion of the above analyses are:

- The district employs more custodians than the average by two.
- Custodians are required to perform general maintenance tasks.
- The district is under-staffed by four in maintenance.
- The facilities maintenance manager works nights and weekends.
- Contracted service expenditures are elevated due to the lack of maintenance staff.

Evaluating the items cited, and acknowledging the increasing demands of compliance with OSHA, PEOSHA and ADA requirements, the team feels that the district needs additional maintenance personnel.

### **Recommendations:**

**LGBR believes that the Delsea Regional School District can address its shortage of dedicated maintenance personnel and at the same time cut back on high overtime, substitute and contracted services expenditures without additional expense. To achieve this dual goal, LGBR recommends that the district:**

- 1. convert one custodial position to a full-time dedicated maintenance mechanic position; and**
- 2. examine the cost of employing a skilled tradesman, such as a plumber or electrician. The resulting reduction in overtime, substitute and contracted services expenditures should more than offset this additional salary.**

## **PUPIL TRANSPORTATION**

A fundamental, and often controversial, component of school district budgets is that of providing a safe means for students to travel to and from school. The escalating costs associated with the safe and efficient transportation for New Jersey's public and private school students has received increasing attention from the media, state and local officials, and taxpaying residents. There are numerous factors that can affect transportation expenditures including management's knowledge of transportation, employee salaries and benefits, terms of negotiated agreements, privatization, competition for services, quality of route and vehicle specifications, geography, and board policies. The LGBR review process examines the level of service provided to the students in the district as well as the costs of such services.

State aid is provided to qualifying school districts under the provisions of N.J.S.A. 18A:39-1 through 25, which stipulates that elementary school pupils who live more than two miles from their public school or secondary pupils who live more than two and one half miles from their public school are entitled to transportation to and from school. In addition, the statute grants students attending a remote school other than a public school, operated not for profit, located not more than 20 miles from the pupil's residence, transportation within the requirements of the New Jersey Administrative Code, Title 6:21-2 through 2.5. State statute requirements include restricting the cost of non-public transportation to a stated yearly amount (1997-98, \$675/1998-99, \$702/1999-00, \$707). If transportation cannot be provided for this amount or less, parents then become eligible to receive this amount toward the cost of transportation.

There are several terms utilized to differentiate between students whose transportation to and from school is an expense recognized as necessary and, therefore, qualifying for state aid, and those students whose services are provided for reasons of safety or other local conditions or policies. Students who reside a qualifying distance from the school are said to live "remote from the school house," or are termed "eligible," referring to state aid requirements.

“Courtesy” busing can be defined as transportation of students who reside two miles or less from the school for elementary grades, and two and one-half miles or less for the secondary grades. The term “courtesy” busing is used interchangeably with “safety” busing, “hazardous” busing and “ineligible” students, again referring to state aid qualifications. Courtesy busing is provided at the discretion of the individual school district and is not supported by state aid.

### **District Operations**

Delsea is a regional school district with a 6<sup>th</sup> through 8<sup>th</sup> grade middle school and a 9<sup>th</sup> through 12<sup>th</sup> grade high school. The two schools are located on an 85-acre campus. The regional district serves the townships of Elk and Franklin and covers 76 square miles in rural Gloucester County.

Management of the transportation department is the responsibility of the transportation supervisor. Other employees of the department include a secretary, whose services are shared with the buildings and grounds department, two mechanics, 22 bus drivers, three school bus aides, and three substitute bus drivers. The district owns 36 buses and operates approximately 50 bus routes in a typical school year.

### **Transportation “To and From” School**

Transportation efficiency in public school districts can be defined as “equal or improved services for fewer dollars”. The strategy of “tiering” bus routes and bidding the “tiers” as separate or combined packages is one of the methods utilized to increase efficiency and save transportation monies. When runs are combined or tiered, each vehicle is assigned to a group of runs, thereby, utilizing the vehicle for as many hours during the day as is possible, without compromising instructional time. The basic principal of efficiency is: Yearly vehicle operational costs, i.e., lease or amortized cost, repair parts and labor, and insurance expenses are stable, regardless of how many trips the vehicle is assigned to during the course of the year. (Excluding fuel, driver salaries, benefits, etc.)

When these operational costs are applied to Vehicle A for Year 1 at \$15,000 and that vehicle is assigned only to an elementary school run throughout the year, then the operational costs for that bus run would be \$15,000. The same vehicle assigned to runs for a high school, middle school and elementary school in the morning and afternoon produces a per run cost of \$5,000.

Delsea Regional operates a primarily in-house operation, with the majority of the transportation services performed by district staff and district-owned vehicles. The runs are tiered wherever bell schedules and route area permit. During the review year 1998-99, the district ran two triple tiers, 22 double tiers, and 6 single routes. The routes for regular students to and from school included three vocational-technical high school runs and a route to the alternative high school program.

### **Courtesy Busing**

As stated above, pupil transportation is governed through statute, and school districts are provided with state aid for transportation for students who reside “remote” from the school. Districts that transport students who live “less than remote,” or closer than the aided distances,

are said to be providing courtesy busing. The districts, which refer to this busing as “safety” or “hazardous” busing, make the argument that a lack of sidewalks and/or busy roadways make it unsafe for students to walk to and from school.

The following table gives an overview of Delsea’s courtesy and eligible student busing for the past three years:

School Year	Courtesy Students	Eligible Students
1997-98	286	1,189
1998-99	311	1,200
1999-00	329	1,203

The regular student count excludes special needs; non-public and out-of-district special needs students.

The district has transportation policies that govern the provision of courtesy busing for students who travel along hazardous highways or roadways that the district deems hazardous as required under N.J.S.A. 18A:39-1.5.

Legislation permits courtesy busing, but does not fund it through state aid. However, legislation has been enacted which permits subscription busing, whereby the families are charged for all or part of the costs of transportation if the students are not eligible under the state mileage restrictions.

As of October 15, 1998, the district reported a total of 311 students being provided courtesy busing. While LGBR realizes that hazardous conditions and areas without sidewalks pose potential dangers to students who walk to and from school, providing transportation for less than remote students increases the tax burden.

LGBR also recognizes the futility of recommending the abolition of courtesy busing, particularly in an area such as Delsea, where students would be walking on narrow rural roads with speed limits of 50 mph and no sidewalks. Therefore the team suggests the following:

#### **Recommendation:**

**LGBR recommends that the district monitor the hazardous areas, carefully considering the children’s health and welfare, to determine if there is a continuing need for courtesy busing within the district.**

#### **Extracurricular Transportation**

The district provides transportation services for athletic and extracurricular trips, primarily through the use of in-district staff and vehicles. Private vendors are utilized as an option at the discretion of the transportation supervisor. District drivers accepting these extra work assignments receive an hourly rate equal to that of a substitute driver. During the 1998-99 school year, the substitute driver hourly rate was \$9.25, while the average hourly rate for contracted regular drivers was \$13.43. The \$4.18 per hour saving allows the district to offer services at a price competitive with that of private vendors.

### **Non-Public Transportation**

Students attending private or non-public school are entitled to transportation under the same statute and guidelines that govern public school student transportation, i.e., elementary school pupils who live more than two miles from their school or secondary pupils who live more than two and one-half miles from their school are entitled to state-aided transportation. However, such transportation must meet additional requirements. One of these requirements limits the cost of transportation for non-public students to a mandated amount, which is determined by the state each year. When the costs of transportation exceed this amount, the district must reimburse the parents for providing their own transportation to and from the non-public school. The amount of the reimbursement to parents is also restricted to the statutory amount. Parents requesting non-public transportation for their children must file application with the district by set deadlines, meet distance requirements, and have their children enrolled in a not-for-profit non-public school.

As a regional school district, Delsea must adhere to the requirements of N.J.S.A. 18A:39-1, which states in part:

“Whenever any regional school district provides any transportation for pupils attending schools other than public schools pursuant to this section, said regional district shall assume responsibility for the transportation of all such pupils, and the cost of such transportation for pupils below the grade level for which the regional district was organized shall be prorated by the regional district among the constituent districts on a per pupil basis, after approval by the county superintendent.”

During the year of review, 1998-99, Delsea provided transportation to 100 non-public students, and paid aid in lieu of transportation to the families of 33 students. Transportation for these non-public students is supplied through contract with a private vendor, through joint transportation agreements, and through the use of district vehicles and drivers.

**Delsea is commended for saving tax dollars by transporting non-public students when possible, rather than paying reimbursement aid.**

### **Special Needs Transportation**

Transportation for special education students is provided through joint agreements with the Gloucester County Special Services School District (GCSSSD), through contracts with a private vendor, and utilizing in-house staff and vehicles.

Delsea diligently assesses the services and associated costs of commissions, private vendors and district staff and, rather than rely solely on one source for special needs transportation, aggressively seeks the most cost-effective method. This has not only saved monies, but has meant shorter bus rides for special needs students.

## **Regionalization**

The district, in cooperation with the Elk Township Board of Education and the Franklin Township School District, has applied for a REDI (Regional Efficiency Development Incentive) grant to help finance the study, development and implementation of shared (regionalized) services in the area of pupil transportation.

In conclusion, the LGBR review team found the district transportation operations well run and very efficient.

## **Vehicle Maintenance**

Fleet maintenance is a vital component of efficient and effective school transportation and maintenance operations. A school district's inventory of vehicles represents a major capital investment, and requires a department that has the training, equipment and procedures necessary to maintain a safe fleet.

### *Performance Standards*

The district does not use performance standards and benchmarks to monitor mechanic productivity. Direct labor is time recorded for the performance of actual repairs, but indirect labor, such as procuring parts and other support labor, is not tracked. Without the benefit of benchmarks, management cannot be assured that each mechanic is working to his fullest potential.

An important component of tracking productivity is the utilization of a computerized fleet management program. These programs provide many useful features including:

- fleet inventory;
- work orders;
- complete maintenance and repair history;
- preventive maintenance and inspection scheduling;
- preventive maintenance checklists;
- preventive maintenance compliance;
- repair parts management;
- labor/mechanic productivity;
- tire and component costing;
- work pending records;
- fuel, oil and fluid history and consumption;
- work in progress; and
- warranty repairs.

The program's ability to track labor hours allows management to gather data on the performance of each mechanic. With this data, the district can determine if each mechanic is meeting performance standards or if problems exist, e.g., poor work habits, lack of training, etc.

A fleet maintenance program can also provide critical data pertaining to individual vehicles in the fleet, and the relative costs associated with the vehicle. This feature allows district staff to make important fleet decisions regarding repair or replacement.

Delsea has instituted a computerized program, which will fulfill the objectives listed above and, as it is the same software, will be a direct link to buildings and grounds.

#### *Vehicle Equivalents*

Vehicle equivalents (VE) is a method utilized to determine the staffing level needed to maintain vehicles. It was developed by the US Air Force and is recognized by various fleet maintenance-consulting firms as one of the best guidelines for analyzing staffing levels. This method determines the average number of hours of maintenance and repairs a vehicle requires and converts those hours into VE. For example, a standard passenger vehicle requires approximately 17.5 hours of work per year. In contrast, a trash compactor truck may require 136 hours per year, which would be eight times the work required for a passenger vehicle with an equivalent of eight VE.

Staffing requirements are determined by dividing the total hours required to maintain the fleet by the annual available hours of one mechanic. A full-time mechanic has approximately 1,750 work hours available annually. This is calculated by deducting the average number of paid leave hours from a standard 2,080-hour year. The available hours are divided by the maintenance requirements for one passenger vehicle to determine the VE ratio. The industry standard is a ratio of approximately 100 VE per mechanic for an efficient maintenance operation.

#### *Staffing and Work-Load*

Maintenance and repair of district vehicles and equipment in Delsea is done primarily in-house by two district mechanics. The mechanics are well trained and experienced. The garage is staffed from 6:00 a.m. to 4:00 p.m. Monday through Friday to provide coverage while buses are on the road. Private vendors perform approximately 5% of the district's vehicle/equipment repairs.

Based on the data provided, i.e., vehicle/equipment inventory, the district owns and maintains 36 school buses, eight trucks, including one dump truck, and five pieces of maintainable equipment. The team determined that the district has a total of 175 VEs or a yearly requirement of 3,062.5 maintenance hours. Based on these numbers, the staffing requirements are 1.75 full-time employees (FTE).

While the above analysis would appear to determine an over-staffing of .25 FTE, the additional work-load associated with the maintenance of small equipment, i.e., generators, electrical motors, etc., and the repair of lawn mowers and snow removal equipment, more than warrants the additional time equivalent.

#### **Regionalization**

The district, in cooperation with the Elk Township Board of Education and the Franklin Township School District, has applied for a REDI (Regional Efficiency Development Incentive) grant to help finance the study, development and implementation of shared services in the area of pupil transportation. This study will include the area of fleet maintenance and the development of regionalized vehicle maintenance services.

In conclusion, the LGBR review team found the vehicle maintenance operations well run and efficient.

## **FOOD SERVICE**

The Delsea Regional School District participates in the National School Lunch Program and is eligible to receive state and federal cash reimbursements and federal commodities. The district's food service program was privatized in 1993 and a private food service management company (FSMC) manages its cafeteria. The district is responsible for processing applications for free and reduced price meals and purchasing government commodities.

### **Scope of Program**

The district's food service program consists of the standard Class A meal and equivalent à la carte meals. Snack foods are also available during lunch periods only. There are four 20-minute lunch periods at each school, with each lunch period separated by 22 minutes of downtime. The cafeteria staff seems to favor this schedule because it allows time for them to clean tables, and restock and refresh food trays. The district charges \$1.50 for a student lunch, \$.40 for a reduced price lunch and \$2.50 for an adult lunch.

The district uses computer software to process and account for meals sold. This process eliminates the need to purchase tickets. When purchasing a meal, students can either key in their student ID number using a keypad or swipe their ID cards in a computerized cardswipe device. The program identifies the student by name and (in most cases) by photo as well. After the program confirms identity, the cashier rings up the purchase. Students are allowed to charge one meal if they forget to bring their lunch or lunch money. However, they are not allowed to charge another meal until the debt is paid.

The computer software can identify those students eligible for free and reduced price meals and permits students to put money into their food accounts and draw from the balance. The software is also capable of cataloging and producing a print out of every purchase made by students. Upon request, parents can obtain a printed history of their child's menu selections. For parents who want to monitor their child's diet, the archival feature of the program has proved beneficial.

According to food service personnel, the computer software program works very well and helps the student meal lines move faster. At the end of the day, each cashier checks the cash collected against the amounts recorded and delivers the money to the site manager. The computerized system is efficient and provides valuable information to management.

A total of 128,915 meals were served during the 1998-99 school year. Of that amount 32,280 or approximately 25% were free and 19,954 or approximately 15% were reduced price. Based on documentation provided by the district, it appears the FSMC is improving the overall lunch participation rates. Student participation rate for the 1998-99 school year was approximately 46% and increased to approximately 50% in the 1999-00 school year.



The FSMC has managed the district's cafeterias for six consecutive years. For the 1997-98 school year the contractual arrangement between the board and the FSMC was for a one-year agreement with the possibility of two additional one-year renewals based upon board approval. The contract required the district to establish an advisory board, composed of students, parents and teachers, for input in menu planning and improvements to the lunch program. The management fee under the terms of the 1997-98 contract was \$16,362, increasing to \$18,500 for the 1998-99 school year, and \$19,225 for the 1999-00 school year.

According to district records, the business office competitively bids the district's food service program every three years. Based on discussions with district officials and the review of proposals received, the current FSMC originally submitted the most competitive bids. Since that time, no other food service company except the current FSMC has submitted bids. This was also the case when the district issued a new RFP for the 2000-01 school year. Based on a limited survey of district students, food service workers, and district officials, the majority of those surveyed were pleased with the food and services provided by the current FSMC.

### **Operations**

The district maintains a production kitchen at the high school. The kitchen at the middle school is equipped with warming ovens but no stoves. Some items requiring the use of a stove are prepared at the high school and transported to the middle school. Storage facilities at the district's schools appear to be adequate for the volume of meals served.

The district's food service program was staffed with a total of 19 employees during the 1998-99 school year. The high school cafeteria was staffed with a manager, a bookkeeper, a cook, and eight food service workers. The middle school cafeteria staff consisted of a manager, cook, and six food service workers. The FSMC also employed an overall site manager located at the high school. The managers are the only food service employees allowed to work seven hours per day. The district does not employ any lunch aides. District teachers monitor lunch periods. Wages for food service workers range from \$5.50 to \$8.01 per hour and the cooks were compensated at rates of \$10.82 to \$11.75 per hour. Benefits to food service workers are the responsibility of the FSMC.

Since the district began contracting out its food service program six years ago, it has reduced its funding to this program. However, over the past four school years, from 1995-96 through 1998-99, operating expenses continued to exceed operating revenues. The following table shows the results of enterprise fund operations as reported in the district's Comprehensive Annual Financial Reports for the years presented.

**Enterprise Fund  
Revenues and Expenses**

	1998-99	1997-98	1996-97	1995-96
<b>Operating Revenue</b>				
Daily Sales-Reimbursable	\$119,012	\$120,053	\$120,261	\$114,035
Daily Sales-Non-Reimbursable	\$286,841	\$273,301	\$239,198	\$219,235
Special Functions	\$36,184	\$24,563	\$23,580	\$19,587
Miscellaneous	\$0	\$0	\$269	\$10
Total Operating Revenue	\$442,037	\$417,917	\$383,308	\$352,867
<b>Non-Operating Revenue</b>				
State School Lunch Program	\$8,291	\$7,799	\$8,100	\$8,618
National School Lunch Program	\$107,285	\$96,149	\$91,349	\$86,530
U.S.D.A. Commodities	\$23,976	\$27,926	\$22,477	\$27,983
Interest Revenue	\$1,085	\$1,350	\$711	\$662
Gain on Sales of Equipment	\$0	\$0	\$150	\$0
Total Non-Operating Revenue	\$140,637	\$133,224	\$122,787	\$123,793
<b>Total Revenue</b>	<b>\$582,674</b>	<b>\$551,141</b>	<b>\$506,095</b>	<b>\$476,660</b>
<b>Operating Expense</b>				
Salaries	\$182,250	\$178,584	\$165,063	\$160,877
Employee Benefits	\$55,540	\$54,843	\$48,064	\$50,853
Purchased Property Service	\$3,791	\$2,900	\$6,126	\$4,721
Rentals	\$0	\$0	\$800	\$800
Other Purchase Services	\$23,246	\$18,179	\$17,412	\$18,150
Insurance	\$1,828	\$1,520	\$1,824	\$1,745
Supplies and Materials	\$32,541	\$15,879	\$18,442	\$13,635
Depreciation (net)**	\$7,915	\$2,844	\$2,493	\$2,461
Cost of Sales	\$283,379	\$262,322	\$258,453	\$236,240
Miscellaneous	\$50	\$438	\$525	\$692
<b>Total Operating Expense</b>	<b>\$590,540</b>	<b>\$537,509</b>	<b>\$519,202</b>	<b>\$490,174</b>
<b>Net Income/(Loss) before Board Contributions</b>	<b>(\$7,866)</b>	<b>\$13,632</b>	<b>(\$13,107)</b>	<b>(\$13,514)</b>
<b>Board Contributions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 30,000</b>	<b>\$14,000</b>
<b>Net Income/(Loss) After Board Contributions</b>	<b>(\$7,866)</b>	<b>\$13,632</b>	<b>\$16,89</b>	<b>\$486</b>

\*\* Excluding depreciation expense on contributed fixed assets.

Total revenue increased by \$31,533 from the 1997-98 school year to the 1998-99 school year, while total operating expenses increased by \$53,031 during that period. The significant increase in total operating expenses was largely attributable to a \$16,662 increase in supplies and materials expenses and a \$21,057 increase in the cost of sales.

The review team conducted a cost-effective analysis for the district. The following table illustrates the district's expense versus income and its comparison with the market for school year 1998-99.

	<b>Delsea 1998-99</b>	<b>Income vs. Exp.</b>	<b>Market Rate</b>	<b>Over or (under) Market</b>
<b>Total Income</b>	<b>\$558,698</b>	<b>100%</b>	<b>100%</b>	
Cost of Sales	\$283,379	51%	<b>39%-45%</b>	12% - 6%
Payroll	\$237,790	43%	<b>40%-45%</b>	3%
Supplies and Materials	\$32,541	6%	<b>4%-5%</b>	2% - 1%
Miscellaneous	\$28,915	5%	<b>.2%-.1/2%</b>	4.8% - 4.5%
<b>Total Expenses</b>	<b>\$582,625</b>	<b>104%</b>		

The above table indicates that the total expense is 104% vs. 100% income, which means that in school year 1998-99 the district generated a 4% of loss on its food program. The cost of sales in Delsea was 6% to 12% higher than the market rate; miscellaneous expenses were 4.5% to 4.8% higher than the market rate.

The number of meals served per labor hour (MPLH) by food service workers is a tool used by the food service management industry to measure its workers' productivity. The ideal MPLH indicator is 15 meals served per hour. For the 1998-99 school year, the district's MPLH benchmark was 17. This rating shows that the food service workers were efficient.

#### **Recommendations:**

1. In an effort to raise revenues in support of the food service program, LGBR recommends that the district increase lunch prices to the maximum level allowed by state regulation. Current maximum state lunch prices are \$2.25 for high school and \$2.00 for middle school. These price increases could bring in additional revenue of \$44,000. N.J.A.C. 6:20-9b requires that adult meal prices be established to cover all costs associated with production and service of the adult meal. In this case, adult lunches in Delsea should be at least \$.40 more than the price of a student lunch.

**Revenue Enhancement: \$44,000**

2. The review team also recommends that the district increase the participation rate by offering more choices of hot meals a day, operate on a three-week menu cycle, reduce repeat entries and conduct periodic informal surveys of student preferences.

**Revenue Enhancement: Undetermined**

### III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally through a well conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason, we present those issues subject to collective bargaining agreements separately in this section.

The Delsea Regional School District Board of Education recognizes five collective bargaining units. The LGBR review team examined each of these agreements as well as the 46 individual employment contracts entered into by the board. The following chart gives an overview of existing employment contracts; it lists each bargaining unit, the employees represented, and the contract term for each.

<b>Unit</b>	<b>Employees Represented</b>	<b>Contract Period</b>
Delsea Educ. Assoc.	Teachers, Librarians, etc.	7/1/97 – 6/30/00
Dist. Admin. Assoc.	Principals, Vice Principals, Dir. of Child Study Team, Dept. Supervisors, Athletic Dir.	7/1/98 – 6/30/01
Local 2327 UAW Secretarial Unit	Full-time secretaries, other than confidential secretaries	7/1/98 – 6/30/01
Local 2327 UAW Custodial Unit	Custodians	7/1/98 – 6/30/01
Transportation Dept. Assoc.	Full-time bus drivers	7/1/99 – 6/30/02
46 Individual Contracts	Superintendent, SBA, Asst. Super., Conf. Secretary (7), Facilities Maint. Supervisor, Head school Bus Mechanic, Bus Mechanic, School Bus Aide (3), Transportation Coordinator, Army Instructor (2) School Physician, Special Ed. Aide (13), PT Substance Abuse Coordinator (2), Hall Monitor (3 FT, 3 PT), Attendance Officer (2 PT), Computer Tech. Asst., Interpreters for Deaf and Hearing Impaired (2)	Various

The contracts for the school physician and district legal counsel are reviewed in the health services and legal fees sections of this report.

The district's largest collective bargaining unit, the Delsea Education Association, had just signed a new contract at the initiation of this review.

## **HEALTH INSURANCE**

As outlined in the health benefits section, the district has several bargaining units and each contract provides employees with choices in medical plans. Several contracts provide medical benefits at no cost to the employees. Other contracts require an employee co-payment of 5% or 10% for other-than-single coverage. The district's health care expenditures for the 1999-00 school year totaled \$1,194,573. That figure includes the employee share of dependent coverage premium in the amount of \$10,896 and the board payment in the amount of \$14,377 for those who waived medical coverage.

The district has made a conscientious effort to contain health care costs by changing insurance carriers, increasing the minimum number of work hours needed for insurance eligibility, and negotiating employee premium cost sharing. Also, by giving employees an option to waive medical coverage, the district saved approximately \$50,000. The Delsea Regional School District is commended for its success in achieving cost savings in this area.

The team recognizes that changes in employee insurance options are subject to negotiations. LGBR analyzed the district's health program along with its negotiated agreements and board policy. The district has several options it can pursue to obtain additional savings.

According to negotiated agreements and board policy for non-unit employees, in the 1999-00 school year, only a small percentage of employees shared in the cost of benefits. This group of employees paid \$10,896 toward the \$1.2 million premium that year.

If, in the future, the district negotiates employee cost sharing for all employees, this would establish a more equitable contributory basis and could also result in further savings. A 10% across-the-board employee cost-sharing program for other-than-single coverage would have provided the district with a \$54,000 saving of premium in the 1999-00 school year, or \$43,000 more than the actual district savings that year.

Another negotiable option should be considered. Those employees participating in the more costly health benefits plan could be called upon to pay the difference between plans. Based upon 63 employees who opted for the more costly plan in the 1999-00 school year, the potential cost saving amounts to \$57,000.

Alternately, the district could consider returning the New Jersey State Health Benefits Plan. A cost analysis was done comparing the district's insurance rates with the State plan rates. Based upon the 239 employees insured and adding the 14 that received payment in lieu of insurance coverage, a saving of \$148,645 could be realized. Negotiation and employee contribution of 20% of the annual dependent cost of New Jersey State Health Benefits Plan rates would save the district an additional \$82,527, for a total of \$231,172. This does not take into account the fact that employees contributed \$10,896 to the district in the 1999-00 school year.

## **Recommendations:**

### **Option 1**

**LGBR recommends that the district consider a more inclusive employee cost-sharing requirement for its health benefits program. Negotiating a 10% cost sharing of other-than-single coverage for all employees would realize a saving of \$43,000.**

**The district should also consider negotiating for employees in the more costly health plan to pay to contribute the cost difference between plans. This would save the district an additional \$57,000 and still provide a “free” plan for all eligible employees.**

**Potential Cost Savings: \$100,000**

**OR**

### **Option 2**

**Alternately, the district could return to the New Jersey State Health Benefits Plan to realize a saving of \$148,645. By further negotiating an employee contribution of 20% of the dependent coverage, the district could save an additional \$82,527.**

**Potential Cost Savings: \$220,276**

## **Dental Insurance**

The district provides dental benefits at no cost to administrators, secretaries, custodians, full-time employees covered by board policy and part-time employees working over 30 hours. Under their current contracts, the education association and confidential secretaries receive board-paid dental benefits in the first year of the agreements but pay a small portion of the dental premium in the second and third year. The district's premium cost for the dental program in the 1999-00 school year was \$63,095. The employee share of the premium cost was \$6,105, which decreased the dental program expenditure to \$56,990.

It should be noted that the district negotiated changes in the education association contract. Beginning in the 2000-01 school year, those participating in the more costly dental plan will be required to pay 10% of the premium.

The review team suggests the following options to negotiate further savings in future years.

The district could assess employees the difference between the more costly plan and the less costly dental plan. Based upon the enrollment of 149 employees in the more costly plan in the 1999-00 school year, the assessment would have generated a saving of approximately \$11,700 in premium costs, \$5,595 more than the board realized in that year.

Alternatively, the district could negotiate a larger percentage of employee cost sharing by including all employees in the cost-sharing plan, enabling the district to decrease its annual expenditure. Based upon the 1999-00 school year expenditures, a 50% employee cost sharing of the dental premium would have resulted in a saving of approximately \$31,500 instead of \$6,000.

## **Recommendations:**

**LGBR recommends the district consider negotiating changes in employee cost-sharing.**

**One option would be to assess employees the difference between the more costly dental plan and the less costly plan. Based on the 1999-00 employee plan selection, the savings would have been \$11,700, \$5,594 more than the district realized in that year.**

**Potential Cost Savings: \$5,594**

**OR**

**Another option would be for the district to include all employees in its cost-sharing program and assess the employees a larger percentage of the premium. Assessing employees 50% of the dental premium would have generated a saving of \$31,500 instead of \$6,000 in the 1999-00 school year.**

**Potential Cost Savings: \$25,500**

## **LEAVE**

### **Personal Leave**

The various contracts and individual agreements provide no more than three days non-cumulative leave per year. The contracts also provide for bereavement leave which is limited to between one and three days dependent upon family relation.

### **Sick Leave**

Generally, twelve-month district employees, including the superintendent, assistant superintendent, and business administrator are provided with 12 days of sick leave per year, and ten-month employees with 10 days. All sick leave is accruable for use, as needed, in subsequent years. Under each of the five collective bargaining agreements, unused sick leave is paid out under the following schedule as severance pay at the time of retirement:

<b>UNIT</b>	<b>SEVERANCE PAY</b>
Teachers	\$15/day with minimum 20 years service \$11.25/day with minimum 15 years service \$7.50/day with minimum 10 years service No stated cap
Administrators	\$20/day after 20 yrs. service with \$4,000 cap
Secretaries and Custodians	\$12.50/day after 18 yrs. service with \$2,750 cap
Transportation workers	\$10/day (pro-rated for a 40-hr. workweek) after 18 yrs. service, with a \$2,500 cap

Only the teachers' contract imposes no cap on severance pay. At the \$15/day pay out figure, a teacher who had used no sick leave over the course of a 35-year career in the district, would be entitled to a maximum of \$5,250, a figure within the maximum provided to state employees.

### **Vacation/Holiday Leave**

With the exception of teachers and bus drivers, whose vacation and holiday leave is dictated by the school calendar, following their first year of service, members of the other three collective bargaining units receive between 10 and 25 vacation days per year, depending on the length of employment in the district.

Neither the secretaries' nor the custodians' contract provides for carryover of vacation leave. The administrators' contract contains a forfeiture clause stating that vacation leave must be taken within one year of the time earned or be forfeited, except that, with board approval, vacation leave can be carried over "to the next year."

Secretaries and custodians are limited to a maximum of 20 vacation days and 14 holidays. The administrators' contract provides for a maximum of 25 vacation days (after 16 years employment with the school district) and a minimum of 20 holidays, for a total of 45 paid leave days per year.

The widely recognized annual holidays in New Jersey generally amount to 13 or 14 days. The board recognizes this norm in the secretaries' and custodians' contracts. The additional six days provided under the administrators' agreement is excessive, especially when added to a possible 25 days vacation leave. Even the superintendent, assistant superintendent, and business administrator receive fewer holidays under board policy No. 336.

Accepting a 14-holiday standard for 12-month administrative employees provides an opportunity for savings in enhanced productivity that can be calculated at dollar costs among those employees governed by the administrative agreement. LGBR approximates enhanced annual productivity valued at \$14,280 (average per diem of \$238 X 6 days X 10 administrators) by the elimination of these days under the administrators' negotiated agreement.

### **Recommendation:**

**It is recommended that the board of education negotiate holiday leave at a standard 14 days per year for all administrative employees.**

**Potential Productivity Enhancement: \$14,280**

### **LONGEVITY PAY**

Longevity pay is broadly defined as payment for longevity in employment, i.e., payment for time spent in service to a specified employer. The teachers', secretaries', custodians' and transportation workers' contracts, as well as five of the confidential secretaries' contracts, provide for annual longevity payments beginning after the tenth consecutive year of employment in the district. The amount of longevity payment ranges for \$150 to \$500 per year.

Historically, LGBR has not supported longevity under the following circumstances: 1) When longevity pay is based on time-in-service only, that is, time to the exclusion of performance; and/or 2) When longevity pay is not written into the employment contract and is, therefore, not readily available to the general public.



The longevity clauses in four of the districts five collective bargaining agreements, are clearly worded and readily available to the public. The wording of these provisions, however, provides specifically that these are, in fact, payments to which employees are “entitled” based on length of service only.

**Recommendation:**

**LGBR recommends that the district negotiate the elimination of longevity payments to employees on the basis of time served. Employee compensation should be based on review and the achievement of predetermined standards. Successful bargaining for the implementation of this recommendation would result in substantial annual savings.**

### **PROFESSIONAL GROWTH AND DEVELOPMENT**

The teachers’ contract, which had just been negotiated at the initiation of this review in June, 2000, contains a renegotiated professional development clause providing for 100% tuition reimbursement based on the pre-credit hour cost at Rutgers, the State University, with a cap of 12 credits per year, limited to the teacher’s current specialty. The prior contract had provided for between 80% and 100% reimbursement at the per-credit hour cost charged by the credit-granting institution. The district is commended for envisioning and negotiating this clause and its resulting cost savings.

The administrators’ and secretaries’ bargaining units, whose contracts are scheduled for renegotiations in 2001, continue to receive between 80% and 100% reimbursement for professional growth and development, depending upon the grade received in the course. Reimbursement is thus based on the full cost of credits at whatever institution the employee selects.

The superintendent, assistant superintendent, and business administrator’s contracts provide for 100% reimbursement of registration, tuition and textbooks toward completion of the individual’s next level graduate degree. By contract, completion of the degree under this agreement obligates the employee to three-years’ subsequent employment in the district.

None the collective bargaining agreements or individual contracts establish a maximum annual number of reimbursable credit hours for purposes of professional development.

**Recommendations:**

**In an effort to contain professional development costs, LGBR recommends that the district continue, in upcoming contract negotiations, to establish maximum per-credit hour costs and maximum credit hours reimbursable annually.**

**Black Seal and Other Licenses**

The district previously paid a \$1,000 stipend to those employees holding Black Seal licenses. More recently, the board has negotiated the elimination of this stipend to new employees by grandfathering its continued payment to those current employees hired when the stipend clause was in effect.

**DISTRICT CONFIGURATION**

The Delsea Regional School District (formerly the Southern Gloucester County Regional School District) is organized as a limited purpose, Type II, regional school district, serving grades 7 – 12 exclusively. Located in Franklin Township, Gloucester County, Delsea consists of Delsea Regional Middle School, grades 7 and 8, and Delsea Regional High School, grades 9 – 12. It is comprised of two constituent K-6 districts: Elk Township and Franklin Township School Districts.

Having recently reviewed the Franklin Township School District, one of Delsea's two constituent districts, members of the LGBR team addressed in Delsea a question that had arisen repeatedly in Franklin, i.e., the viability of having three, limited Type II school districts where there may exist the potential for consolidation. The question of potential cost savings to be realized by sharing administrative positions with Delsea's two constituent districts, or by reconfiguration of the three districts onto one regional K - 12 district, was not new to those with whom we spoke. Most people were knowledgeable on the subject, and understood that sharing of administrative positions could often be achieved at a district-level, while reconfiguration of the districts would require state intervention.

Since this issue was addressed fully in the "District Configuration" section of LGBR's review of the Franklin Township School District, that document appears at the end of this report as Attachment "1."

## **IV. SHARED SERVICES**

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

### **Professional Development**

The Delsea Regional School District's Assistant Superintendent for Curriculum serves as an active member of the Gloucester County Curriculum Consortium steering committee. This county wide consortium makes accessible a variety of professional development opportunities. The consortium coordinates the Gloucester County Professional Development Conference in the fall, and also offers a Summer Professional Institute. By pooling resources and expertise, the member districts are able to provide a wider variety of in-depth professional development offerings at a lower cost to each participating district. In addition, the consortium is able to offer teachers credit toward the continuing professional development requirements of N.J.A.C. 6:11-13.

### *Curriculum Coordination*

Delsea's assistant superintendent is the curriculum coordinator for grades 7 - 12. In this role she meets on a monthly basis with the curriculum coordinator for the elementary constituents, Franklin Township School District and Elk Township School District, to coordinate curriculum activities among the three school districts. Focusing on a different content area each year, they are working toward an alignment of the K - 12 curriculum and the purchase of complimentary and sequential in-class materials.

### **Early Childhood Development**

As part of their curriculum, Delsea students may elect a sequence of classes culminating in a senior year "field" experience in which they assist teachers in early childhood classrooms in the nearby Franklin and Elk Township School Districts. Through this experience, Delsea students have the opportunity to work in a variety of early childhood development areas, including pre-school handicapped classes, first grade classes, school media and technology centers, etc.

### **Library/Media Services**

- The Delsea Regional School District participates in the South Jersey Regional Library Cooperative (SOJOURN). The cooperative provides an inter-library loan in which the library has access to other library collections throughout southern New Jersey. Once requested, books and materials are delivered to the school within three to five days.
- The Delsea Regional School District has developed a strong relationship with the Franklin Township Municipal Library. The district and municipal librarians meet several times a year. The school librarians provide the municipal librarian with information concerning the curriculum and special projects. This allows the municipal librarians to procure, assemble, and in some cases display relevant books and materials for student use. In addition, the

librarians collaborate to provide a story time for young children. The municipal librarian hosts these events at several of the local school libraries and students from the middle school provide activities and dramatizations of the readings.

- The high school media center is available to the community two evenings per week as a non-lending resource. The community is able to access any of the books and materials, as well as utilize the computers for Internet access and other functions. A high school librarian supervises these evening hours.

### **Shared Services with the Municipality**

The Delsea Regional School District and Franklin Township share resources such as equipment and manpower in a number of areas, only several examples of which are given here. The township picks up district trash at no cost to the district and assists with snow removal as necessary. The district and township also share ground equipment as needed. The district provides the municipality with access to its buildings and playing fields at no cost to the township other than for use of the buildings during hours when the custodians are not scheduled on duty.

### **Emergency Crisis Plan**

In response to recent nation-wide tragedies, Delsea Regional School District has implemented an emergency crisis plan. Using references from other sources, a plan was written instructing staff to respond to hostage situations. The district coordinated the effort with the local police department and SWAT team, and has carried out several drills and held meetings to familiarize staff with the procedures.

### **Technology**

- As part of Delsea's high school instructional program, students build and repair computer equipment for both Delsea and Elk Township School Districts.
- Delsea shared the services of a Network Engineer with the Franklin and Elk Township School Districts in school year 1999-00. The network engineer was on payroll with the Franklin Township School District.
- Delsea is the lead agency on the Department of Education's Gloucester County employment hot line entitled, "Jobs in Education." Listing education-related jobs throughout Gloucester County, the hotline is available through Delsea's website.
- Delsea shares its Internet access with the Elk Township School District. Elk paid Delsea \$4,950 for this service from May, 1998 to May, 1999.

### **Transportation**

Delsea provides transportation services and acts as the transportation coordinator for the Elk Township School District. The Elk Township School District paid Delsea a fee of \$10,000 for this service during the 1999-00 school year.

### **State Incentives for Shared Services**

In addition to savings to be realized by joining services, there are two new state programs designed to encourage and reward local governmental units and their taxpayers for regionalizing, sharing and joining services with other units of local government. The Regional Efficiency Development Incentive Act (REDI) provides funds to local units to study the feasibility of

joining services. The second program, REAP (Regional Efficiency Assistance Program), provides direct tax relief for any local government regional service agreement signed after July 1, 1997. These programs are jointly administered by the New Jersey Department of Community Affairs (DCA), Division of Local Government Services, and the Department of Education, Office of Fiscal Standards and Efficiency. The Delsea Regional School District was an early and successful applicant for REAP aid which was awarded on the basis of shared transportation services and shared internet access with Elk Township School District. The REAP aid directly benefited Elk Township taxpayers.

## **V. STATUTORY AND REGULATORY REFORM**

It is not uncommon for local officials to attribute high costs and increased taxes in part to “state mandates”. The fifth and final section of the report, Statutory and Regulatory Reform, identifies state mandates cited by local officials as impeding efficient and cost-effective operations. Issues raised in this section can often be addressed only through changes in statute, code, or procedural rules and regulations.

### **Regionalization**

LGBR has previously addressed current impediments to school district and municipal regionalization. The analysis of this question in LGBR’s 1998 Review of the Pascack Valley Regional High School District applies to the present study, and is therefore included herein as Attachment 2.

The Pascack Valley Report lists several avenues of approach for state action with regard to regionalization. (See Attachment 2.) In that report, the LGBR team determined that the greatest opportunities for consolidation, and for the ultimate goal of tax relief, lay in a three-pronged plan for state action. As envisioned, state action would provide: 1) financial incentives; 2) a streamlined, “user friendly” regionalization process; and 3) public education on the importance and relevance of regionalization. LGBR recognizes that, since the Pascack review, the establishment of workable financial incentives to encourage voluntary regionalization at the local level has been addressed in part through creation of the REAP and REDI grant programs (see Shared Services, above). Nevertheless, this incentive alone is unlikely to prove persuasive without the impetus of the statutory and educational components. In addition, statutory streamlining of the regionalization process should help to relieve the fiscal burden of the state incentives.

### **Recommendation:**

**It is recommended that, in its efforts to encourage fiscal efficiency through regionalization, the state should consider a comprehensive approach including educational and procedural components in addition to fiscal incentives.**

### **Competitive Bidding and Use of E-Commerce**

This issue arises under the Attorney General opinion citing N.J.S.A. 18A:18A-1 et. seq., and N.J.S.A. 18A:19-1 et. seq. in support of the prohibition against the use of credit cards by local boards of education.

Delsea has found that credit card purchases via the Internet provide opportunities to purchase goods such as computers, books, office supplies and the like, at up to 50% off list price. However, the district is unable to benefit from special “Internet only” pricing precisely because these purchases can be made solely by electronic means, and electronic purchases require use of a credit card.

An initial question arises as to the value of savings to be achieved through Internet purchases given statutory bid threshold limitations and the prohibition against the aggregation of purchases. Many Internet vendors sell solely by Internet and, therefore, do not respond to requests for written proposals. Nevertheless, common ground obviously exists between governmental purchasing needs on the one hand, and the vendors' universal need for sales.

The review of the Delsea Regional School District took place at the time of debate on Senate Bill No., 1449 (2000) which seeks to establish a voluntary pilot program, to be comprised of local governmental units interested in purchasing certain commodities and services "through means of electronic technology". Proposed as the "Local Unit Electronic Technology Pilot Program and Study Act" ("the Act"), the current wording of this legislation would limit electronic purchases to bulk orders of specified commodities. The district is aware of this legislation and LGBR encourages the board to define its broad vision for cost savings through participation in E-Commerce, and to make its objectives known for consideration in conjunction with pending legislation.

### **Generally**

LGBR commends the Delsea Regional Board of Education for pursuing issues of statutory change through participation in the formal resolution and policy process available through membership in the New Jersey School Boards Association (NJSBA). Most recently, the district has availed itself of this process to seek relief from certain provisions of the State Facilities Education Act of 1979, N.J.S.A. 18A:7B-1 et. seq., requiring district payment of tuition for students housed in state facilities. Individual initiatives such as this evidence the "can do" spirit demonstrated throughout the district.

## **LOCAL GOVERNMENT BUDGET REVIEW ACKNOWLEDGMENTS**

John E. McCormac, Acting State Treasurer  
Robert J. Mahon, Director, Local Government Budget Review  
JoAnne M. Palmer, Deputy Director, Local Government Budget Review

Delsea Regional School District Review Team  
Elizabeth Anne Whittle, Educational Team Leader  
Local Government Budget Review

Pearl Hawk, Local Government Budget Review  
Steve Heft, Local Government Budget Review  
Pat Ickes, Local Government Budget Review  
Joyce Picariello, Local Government Budget Review  
Marilyn Rosen, Local Government Budget Review  
Jay Stores, Local Government Budget Review  
Nancy Volponi, Local Government Budget Review

Website address: [www.state.nj.us/lgbr](http://www.state.nj.us/lgbr)